Daily Report

Latin America

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FBIS-LAT-89-057 *27 March 1989*

CONTENTS

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

CARIBBEAN

Cuba

Central Committee Member on Gorbachev's Visit *[Havana Radio]* 1
Gorbachev's Book Presented at Friendship House *[Havana TV]* 1
Trade Protocol Signed With Soviet Union *[Havana Radio]* 1
Politburo Member Meets With Polish Official *[Havana TV]* 1
Spanish Prime Minister Tours Isle of Youth *[Havana Radio]* 1
Meets With Namibian Students *[Havana Radio]* 1
High-Level PDRY Delegation Arrives *[Havana TV]* 2
Commentary on U.S. 'Harassment' Against Panama *[Havana International]* 2
Election Results in El Salvador Assessed *[Havana TV]* 2
Castro Presides Over Film Institute Anniversary *[Havana Radio]* 3
Role of Media in Defense of Revolution *[Havana Radio]* 3
Intellectuals Responsibility *[Havana Radio]* 3
Distribution of TV Sets Expected To Normalize *[Havana TV]* 3
Soviet Color Televisions Available 'Soon' *[Havana TV]* 4
Sugar Union Leaders Replaced by Commission *[Havana TV]* 4
National Committee Dissolved *[Havana Radio]* 4
Culture Minister Comments on Structural Changes *[Havana Radio]* 4
Communications Ministry To Install Transmitters *[Havana TV]* 4
To Improve Radio System *[Havana TV]* 5
Citizens Sentenced for Stealing Eggs *[Havana Radio]* 5

Bahamas

Government Denies Reports of Drug Corruption *[Bonaire Radio]* 5

Bermuda

United Bermuda Party Official Resigns *[CANA]* 5

Dominican Republic

Communist Party Leader on Congress, Elections *[Havana International]* 6

Jamaica

National Planning Council Director Appointed *[CANA]* 7

St Vincent and the Grenadines

Opposition Parties Dismiss Merger Possibilities *[CANA]* 7

Trinidad and Tobago

Nation's Unions Submit Economic Alternatives *[CANA]* 7

MEXICO

President on Efforts 'To Eradicate Poverty' *[UNOMASUNO 18 Mar]* 9
EXCELSIOR, UNOMASUNO on Brady Plan 9
Pemex Petroleum Issues Annual Report *[EXCELSIOR 19 Mar]* 10
Reports Revenue Statistics *[EL DIA 21 Mar]* 14
Country To Receive Loan for Agricultural Program *[UNOMASUNO 20 Mar]* 14
IDB Reportedly To Grant $2-Billion Loan *[Mexico City TV]* 14

CENTRAL AMERICA

El Salvador

Venceremos Reports Clashes, FMLN Sabotage *[Radio Venceremos]* 15
Airs 22-23 Mar Military Reports *[Radio Venceremos]* 15
Army Claims 45 FMLN Killed, 33 Wounded *[ACAN]* 15

Guatemala

Pavon Farm Prison Riot Leaves 15 Dead *[Buenos Aires REUTER]* 15
Shooting at Prison Subsides *[Guatemala City Radio]* 16
Government Denies Existence of State Terrorism *[LA HORA 17 Mar]* 16

Honduras

Government Reacts Positively to Contra Aid *[Buenos Aires REUTER]* 16
Azcona Calls Aid 'Necessary' *[Buenos Aires REUTER]* 17

Nicaragua

Government Rejects U.S. Aid to Contras *[Hamburg DPA]* 18
Havana on Government Position *[Havana International]* 18
More on Government Reaction *[Managua Radio]* 19
RN's Cesar Comments *[Madrid EFE]* 19
Japanese Envoy Says No To Canal Support *[LA PRENSA 20 Mar]* 19
Nicaraguan Official on Country's Situation *[Prague RUDE PRAVO 23 Mar]* 20

Panama

Noriega on Relations With U.S., Elections *[Madrid EFE]* 20
Noriega Calls for End to 'Hatred' in Campaign *[MEDIODIA 23 Mar]* 20
COLINA on Opposition's 'Offensive' Campaign *[MATUTINO 23 Mar]* 21
Solis Palma Meets With Public Sector Workers *[Panama City TV]* 21
Religious Leaders Call on U.S. To End Sanctions *[ACAN]* 21
Arias Wants 'Concerted Efforts' With Military *[ACAN]* 22
Paredes Denies Attacking PDC Arraijan Office *[Panama City TV]* 22
Opposition Leaders on Vote Count Procedures *[Panama City TV]* 23
Duque Derides Opposition Campaign Promises *[Panama City TV]* 23
Paper Says Politicians Disobeying Media Law *[CRITICA 23 Mar]* 23
Journalists Comment on Political Situation *[EL UNIVERSAL 18 Mar]* 24
Air Panama Begins Flights to Havana *[Panama City TV]* 25
Free Zone Trade Improves in February *[CRITICA 23 Mar]* 25

SOUTH AMERICA

Argentina

Sourrouille on Foreign Debt, Brady Plan *[TELAM]* 26
Vice President Martinez Leaves for PRC *[NOTICIAS ARGENTINAS]* 26
• Alfonsin on Interest Payments on Debt *[CLARIN 6 Mar]* 26
• Menem on Business Prospects Under Peronism *[MERCADO 26 Jan]* 27
• 1988-89 Grain Harvest Lowest in Decade *[CLARIN 25 Feb]* 30

Bolivia

Labor Minister Calls COB Strike Ineffective *[La Paz Radio]* 31
* Banzer Cites Intent To Modify Economic Model *[PRESENCIA 23 Feb]* 31
* MIR Defines 10 Points of Government Program *[PRESENCIA 24 Feb]* 32
* Mining Sector Shows Greatest Recovery in 1988 *[PRESENCIA 28 Feb]* 33
Argentina Continues To Delay Gas Payments *[La Paz Radio]* 33

Brazil

Finance Minister Returns From IDB Meeting *[Brasilia Radio]* 34
* Obstacles To Repeating 1988 Export Record *[EXAME 11 Jan]* 34
* Covas Views Debt Payment, Military, Alliances *[O GLOBO 12 Feb]* 38

Chile

Further Reportage on Fruit Poisoning Incident 42
Officials Estimate Losses *[Madrid EFE]* 42
Justice Minister on Legal Action *[Santiago Radio]* 42
International Markets Regained *[Santiago Radio]* 42
Radio Owner Sentenced by Military Court *[Madrid EFE]* 43

Colombia

Reportage on Plans of Guerrillas, Government 43
Guerrilla Truce Communique *[Bogota Radio]* 43
Willing To Discuss Cease-Fire *[Bogota TV]* 43
FARC Plans Foiled *[Hamburg DPA]* 44
Bomb Deaths; Truce 'Violated' *[Hamburg DPA]* 44
M-19 Accused of Breaking Unity *[Bogota Radio]* 44
Postponement of Talks Requested *[Madrid EFE]* 44
Government 'Unaware' of Postponement *[Madrid EFE]* 45
Rebels, Community Leaders Meet *[EL TIEMPO 22 Mar]* 45
New Group Claims Pipeline Attack *[Bogota TV]* 47
Barco on Dialogue, Debt *[LA PRENSA 16 Mar]* 47
FARC Reaffirms Cease-Fire *[EL SIGLO 21 Mar]* 47
M-19 on Peace Agreements *[EL SIGLO 22 Mar]* 48
Army Reports Rebel Casualties *[EL TIEMPO 22 Mar]* 49
Army Attacks ELN Camp *[Madrid EFE]* 49
Minister Says No Extradition of Cartel Leaders *[Bogota Radio]* 50
Finance Minister Comments on Brady Plan *[LA PRENSA 16 Mar]* 50
Soviet Trade Official To Visit 'Next Week' *[AFP]* 50

Ecuador

President Meets With Armed Forces High Command *[EL UNIVERSO 15 Mar]* 51
Defense Minister Denies Resignation 'Rumor' *[Quito Radio]* 51
ID-DP Alliance Creating Dissension in Parties *[EL COMERCIO 15 Mar]* 51
Guayaquil Governor Vows To Maintain Order *[AFP]* 52
1988 Oil Exports Increase, Prices Rise *[Buenos Aires REUTER]* 52

Paraguay

Rodriguez Meets PSOE Visitor, Seeks Support *[Madrid Radio]* 53

Peru

Shining Path Clinic Dismantled; Members Detained *[Lima TV]* 53
Shining Path Murders 5 Civil Servants *[Madrid EFE]* 53

Subversives Kill 4 People in Yauricocha *[Madrid EFE]* 54
Lima Mayor Signs Accord To Import PRC Buses *[Lima TV]* 54
Interior Ministry on Use of Herbicide *[Madrid EFE]* 54

Venezuela

Perez Denies 'Distorted' Reports on Raid Abuses *[EL NACIONAL 16 Mar]* 54
Perez Orders Charges Against Suspects Dismissed *[Buenos Aires REUTER]* 55
Finance Minister Comments on Foreign Debt *[EL NACIONAL 19 Mar]* 55
Central Bank Issues Foreign Exchange Report *[EL UNIVERSAL 18 Mar]* 56
Agriculture Minister on New Interest Rates *[Caracas TV]* 57

Guyana

Border Dispute Issue With Suriname Revived *[CANA]* 57
Antidrug Agreement Signed With Suriname *[CANA]* 57
Hoyte To Help Suriname Cooperation With Caricom *[CANA]* 58
Cuban Military Attache Receives Honorary Medal *[CANA]* 58
Company Reports Major Profits for 1988 *[CANA]* 58

Cuba

Central Committee Member on Gorbachev's Visit

FL2403163889 Havana Radio Reloj Network in Spanish 1400 GMT 24 Mar 89

[Text] We will show the affection our people feel toward Lenin's fatherland during Mikhail Gorbachev's stay in Cuba from 2 to 5 April. This was said to the press by Julio Trujillo, director of the Industrial Projects Construction Enterprise No 6. The enterprise, composed of over 12,000 men from the entire country, is building the Juragua nuclear power plant in Cienfuegos and other projects that are vital for the operation of the first installation of the kind in Cuba being built with the cooperation of the brother country.

Trujillo, who is also a member of the Communist Party of Cuba Central Committee, added that Gorbachev's visit will strengthen friendship ties between the two peoples and governments and will allow a sounder advancement of these relations. There are very good relations between Cubans and Soviets in the nuclear power plant and in the southern city. We believe they will become stronger after the visit of the leader of the brother country, said Trujillo.

Gorbachev's Book Presented at Friendship House

FL2503011989 Havana Television Service in Spanish 0000 GMT 25 Mar 89

[Text] On the occasion of Mikhail Gorbachev's upcoming visit to Cuba, a book with his speeches was presented this afternoon. The event was held at the Cuban-Soviet Friendship House in this capital.

The book, "A New Stage of Perestroyka" published by the political publishing (?house), contains Mikhail Gorbachev's thoughts on the process that is taking place in the Soviet Union. The book also refers to future tasks and to the projection of a new dynamic and creative mentality that will show the potential of socialism regarding economic, scientific, and cultural development.

Trade Protocol Signed With Soviet Union

FL2503182189 Havana Radio Rebelde Network in Spanish 1700 GMT 25 Mar 89

[Text] Governmental trade delegations of the Soviet Union and Cuba signed in Moscow today a protocol on trade and commercial payments for this year. Reciprocal supplies will amount to around 9 billion rubles.

Konstantin Katushev, chairman of the State Committee for Foreign Economic Relations of the Soviet Union, said the fulfillment of the document will strengthen and further develop Soviet-Cuban trade cooperation.

For his part, Ricardo Cabrisas, minister of foreign trade of Cuba, noted that the talks, which ended today with the signing of the protocol, have coincided with the upcoming visit to our country of the top Soviet leader, Mikhail Gorbachev, from 2 to 5 April.

Politburo Member Meets With Polish Official

FL2403123589 Havana Tele-Rebelde Network in Spanish 1100 GMT 24 Mar 89

[Text] Jose Ramon Machado Ventura, member of the Politburo and secretary of the Central Committee of the Communist Party of Cuba [PCC], yesterday received (Jerzy Zwifroski), member of the Central Committee of the Polish United Workers Party and chief of its Cadre Department, who is in Cuba as the head of a delegation that will participate in the exchange of expertise between the two parties.

The Polish delegation also met with Division General Senen Casas Reguiero, alternate member of the PCC Politburo and president of the Cuba-Poland Friendship Association. They also held several meetings with party representatives in Havana City and Pinar del Rio.

Spanish Prime Minister Tours Isle of Youth

FL2403212189 Havana Radio Reloj Network in Spanish 2037 GMT 24 Mar 89

[Text] Julio Anguita, secretary general of the Spanish Communist Party, arrived today at the Isle of Youth where he began a tour of historic, economic, and social interest centers. During his tour, he was accompanied by Jesus Montane Oropesa, member of the Communist Party of Cuba [PCC] Central Committee, and by Armando Manresa, first party secretary of the Isle of Youth and member of the PCC Central Committee.

The leader of the Spanish Communist Party visited areas of the old model presidium, including the [word indistinct] No 4 where the Cuban revolutionary fighters were imprisoned. After having toured the area where the Moncada combatants survived, and the solitary confinement cell of Commander in Chief Fidel Castro, Anguita signed the national monument's guest book, and wrote in it: Thank you for the lesson that is shared here.

The Spanish leader toured the main historic area of Nueva Gerona, which is being remodeled. He also visited the ceramics factory, among other places.

Meets With Namibian Students

FL2403231889 Havana Radio Reloj Network in Spanish 2234 GMT 24 Mar 89

[Text] Julio Anguita, secretary general of the Spanish Communist Party, has said in the special municipality of Isle of Youth that the organization he heads affirms that it will continue supporting, in the theoretical and practical areas, the national liberation movements and the just causes of the peoples.

During the tour in which he met with Namibian students of the Hendrick Witbooi school and with with other students from six countries, the leader gave his impressions on the internationalist educational program in Cuba. After having expressed his satisfaction for the high patriotic spirit that the students display, he emphasized: You are the hope of your nations.

The secretary general of the Spanish Communist Party said that, on this second visit to Cuba, he has had the opportunity to observe up close the progress of the Revolution, and he emphasized that he was very impressed.

High-Level PDRY Delegation Arrives

FL2503135689 Havana Tele-Rebelde Network in Spanish 1300 GMT 25 Mar 89

[Text] A high-level delegation of the People's Democratic Republic of Yemen [PDRY] Government arrived in our country last night to participate in the 10th intergovernmental meeting of the Cuban-Yemeni joint commission. Public Health Minister (Sa'id Sarid Bar), was received at the Jose Marti Airport by Fishing Industry Minister Jorge Fernandez Cuervo-Vinet, among other representatives of Cuban organizations.

The Cuban-Yemeni joint commission meeting will begin next Monday [27 March] and will end on Wednesday with the signing of a cooperation agreement in the fields of agriculture, industry, transportation, health, fisheries, and higher education.

Commentary on U.S. 'Harassment' Against Panama

PA2503033189 Havana International Service in Spanish 0000 GMT 25 Mar 89

["Our America" commentary read by Julio Dominguez]

[Text] U.S. authorities apparently believing that their harassment of the Panamanian economy that has lasted 2 years is not enough, are now seeking not only to destabilize the country but to heighten their efforts to thwart the May elections. This nefarious campaign has intensified since February and was denounced by the newspaper LA REPUBLICA. The paper noted that the United States has drafted a broad plan in conjunction with the U.S. Southern Command to discredit the election results. The paper recalled that during a speech delivered before a group of businessmen, General Frederick Woerner, commander in chief of the U.S. Southern Command, said that the elections will be honest if the opposition wins and will be dishonest if the sectors that support the current Panamanian Government win. LA REPUBLICA noted that if the second option occurs, there is a possibility that the United States may allege that a fraud has been committed to justify before the international public its interference in Panamanian domestic affairs and its economic aggression against that country. It may be thought that this is mere speculation, but a U.S. helicopter gunship recently violated Panamanian airspace. Meanwhile authorities have reported the arrest of a group of citizens who were drafting and publishing propaganda against state security and the national economy.

In what many analysts consider a provocative move, it was also learned that the U.S. Embassy in Panama and the opposition Christian Democratic Party [PDC] are preparing to wage a psychological war through the falsification of the 7 May election results. The newspaper CRITICA noted in this regard that computer equipment worth $1 million will be sent to Panama from El Salvador to be installed at voting centers. The purpose is to disseminate the altered results before the official vote count is ready in order to create confusion that will lead to acts of violence. CRITICA noted that it is a psychological war to make the opposition appear the winner, although it actually may have lost. For that reason, it added, written propaganda is being distributed calling on the people to hold meetings and gatherings in the places selected as voting centers to pressure people assigned to count the votes.

According to the newspaper CRITICA, these actions are coordinated by U.S. diplomats, who are openly interfering in Panamanian domestic affairs and are trying to pscyhologically concoct a fraud to create confusion and sow violence. All of these examples provide evidence of offensive actions against the isthmian country and against the elections. They demonstrate that nothing has changed regarding U.S. policy toward this country.

Election Results in El Salvador Assessed

FL2403151489

[Editorial Report] Havana Television Cubana Network in Spanish at 0030 GMT on 24 March carries a live broadcast of "International View" program. The program guests are Karla Salazar and Cristina Ramirez, identified by caption, both Farabundo Marti Liberation Front [FMLN] representatives in Cuba. The program is hosted by Eduardo Dimas.

At the begining of the program, Dimas cites the recent electoral results in El Salvador. He says that Alfredo Cristiani of the Nationalist Republican Alliance [ARENA] won the elections which demonstrates the power of the Salvadoran oligarchy. Dimas asks Salazar why he won.

Salazar then states that less than one-fifth of the registered population voted. She states that ARENA was put in power by the minority in the country.

Dimas asks if some of the bombings carried out by the government in the countryside stopped some of the people from going to the polls. Salazar then answers that it did and that these were people who would have voted for the FMLN.

Ramirez then states that the defeat of the Christian Democrats means the absolute defeat of the U.S. counterinsurgency programs. She also says that this is a setback for U.S. policy. Dimas says that the United States wanted the Christian Democrats to win but that now they have no option but to support the ARENA. Salazar answers Dimas and says: "Of course, that is one of the main components in their anti-insurgent activities."

At this time, the host of the program interrupts and says that no Salvadoran government can exist without U.S. aid. Salazar responds that El Salvador is moving toward more violent times.

Dimas asks Salazar if the Salvadoran Army is in shape to go into a total war and she responds that "time will tell."

"If the FMLN is supported by the country and the Army cannot destroy them, it is because they have the support of the Salvadoran people. In the case of an FMLN victory, U.S. military intervention could result. I do not think that they are willing to tolerate another revolutionary triumph in Central America; that is the impression I get," says Dimas

Ramirez then says that President Bush has already said he will give aid to the government. However, she adds, this would not be a good moment for the United States to do this because there is not much popular support for the counterinsurgent movement in the United States or in Europe.

At this point Dimas is heard thanking his guests for having been on the program and he thanks the audience for having listened.

The 30-minute program ends at 0100 GMT.

Castro Presides Over Film Institute Anniversary
FL2503120589 Havana Radio Progreso Network in Spanish 1100 GMT 25 Mar 89

[Text] Commander in Chief Fidel Castro has presided over the main ceremony marking the 30th anniversary of the Cuban Cinematographic Art and Industry Institute, ICAIC. The event took place at Havana's Karl Marx Theater. The closing speech was delivered by Culture Minister Armando Hart.

He said the principles of creative liberation can only be achieved on the basis of political and revolutionary commitment. Hart added that this is confirmed by the experience of the Cuban film industry created by the Revolution. The culture minister asserted that one of the merits Cuban filmmakers have is to have taken to the celluloid a synthesis of culture including the highest moral and spiritual values of Cubanness.

Hart highlighted the figure of Santiago Alvarez. He said of him: Santiago has bequeathed us in a large fresco the far-reaching Cuban activities and has represented them in the last 3 decades. He is a master and a school we can proudly present to the history of contemporary cinematography.

Fidel handed to the documentarian a diploma for his successful work which features accurate information and artistic vitality.

Carlos Rafael Rodriguez, member of the Communist Party of Cuba [PCC] Politburo, and Carlos Aldana, secretary of the PCC Central Committee, also attended the event.

Role of Media in Defense of Revolution
FL2403133689 Havana Radio Progreso Network in Spanish 1100 GMT 24 Mar 89

[Text] Pedro Ross, member of the Communist Party of Cuba Central Committee Secretariat, has referred to the important role of the media in the defense of the principles of the Cuban Revolution during a meeting with the staff of the TRABAJADORES newspaper held in Havana. Ross, who is also a member of the committee organizing the 16th CTC [Central Organization of Cuban Trade Unions] Congress, asked the newspaper's staff for the cooperation with the CTC in the new type of work the Cuban labor movement intends to carry out. He added that the TRABAJADORES newspaper has been characterized by its link with the grass roots and should continue with this style so that all its journalists can turn into labor movement activists.

Intellectuals Responsibility
FL2403154589 Havana Radio Progreso Network in Spanish 1100 GMT 24 Mar 89

[Text] Cuban intellectuals will always count with the trust, understanding, and sincere support of the Interior Ministry. This was said by Division General Jose Abrantes during an event which took place in Havana yesterday as a way of paying tribute to those who, through their art, have made the culture of the Cuban Revolution a right of the people. Abrantes added that, during the 30th anniversary of the state security organs, it is fair for us to go out and find sectors that have struggled together with us. He continued saying: The Revolution is not defended with arms in hand alone; our strength belongs to the entire society and intellectuals play a decisive role in this task.

Distribution of TV Sets Expected To Normalize
FL2403153189 Havana Tele-Rebelde Network in Spanish 1100 GMT 24 Mar 89

[Text] It is expected that the service of transporting and installing color television sets, acquired through the CTC-CI [Central Organization of Cuban Trade Unions-Domestic Commerce] sales system in Havana, will normalize within the next 2 weeks. [Video shows color

televisions on stands in stores with a sign on display that says: CTC-CI. The televisions are shown to have four small dials on the left side of the set].

Up until now, the daily ability to transport and install these sets in homes has been less than the number of vouchers presented by the CTC, which has created a delay in service. To normalize the situation, transportation and the number of skilled personnel has been increased to guarantee the correct installation of the appliances.

In order to respond to the sale this year of more than 45,000 color television sets in Havana, the conditions are currently being created to increase the number of sales units to 12 and to increase the number of brigades that provide service to homes to 23. Efforts have also been coordinated with the CTC and its trade unions to gradually distribute the vouchers to workers on a monthly basis, which will help stabilize the availability of the sets to purchasers.

Soviet Color Televisions Available 'Soon'

FL2503014189 Havana Television Service in Spanish 0000 GMT 25 Mar 89

[Text] The Soviet color television model (Krin) 371 will soon be on sale through the CTC-CI [Central Organization of Cuban Trade Unions-Domestic Commerce].

Presently, among the sets designated for sale to workers, there are three models: the TVC 388 made in Cuba, and the ones made in the Soviet Union, Electron 422 and (Orizon). With the addition of (Krin) 371, there will now be four models available, among which the buyer will be able to select the one he prefers.

This year, its is expected that over 160,000 color televisions will be distributed through the bonus system granted by the CTC. The sales network is also expected to be expanded, as well as home repair and guaranteed services to over 70 municipalities of the country.

Sugar Union Leaders Replaced by Commission

FL2403125689 Havana Tele-Rebelde Network in Spanish 1100 GMT 24 Mar 89

[Text] The ninth plenum of the National Trade Union of Sugar Industry Workers [SNTA] has discussed important matters pertaining to the sugar harvest and the organic functioning of the current trade union leadership. As a result of the deficiencies that have been demonstrated in the work of the National SNTA Secretariat and due to the repeated nonfulfillment of financial norms on the part of its leaders, the ninth plenum agreed to replace those members and to create, in their place, an organizing committee that will assume the executive and leadership functions of its trade union organizations, as well as the tasks preparing for the 17th SNTA Congress. The ninth plenum also agreed to hold their congress a year earlier. It will be held during the 1st half of November 1989.

National Committee Dissolved

FL2403173689 Havana Radio Rebelde Network in Spanish 1700 GMT 24 Mar 89

[Text] All the members of the National Committee of the Sugar Workers' Union were replaced and the date of their trade union congress has been moved up to November. The reasons that led to the agreement to dissolve the National Secretariat of the trade union were the leaders' poor management and repeated nonfulfillment of financial norms.

The recently created organizing committee is presided over by (Imino Alver), current secretary general of the Sugar Workers' Trade Union in Villa Clara Province. The committee has five other members.

It was reported at the ninth plenum of the National Trade Union of Sugar Industry Workers that other comrades will soon be added to this commission and positions held by elected officials now will not be definite until they are ratified at the congress. The plenum also discussed important matters related to the current harvest and agreed to discuss measures to ensure the success of the upcoming harvest during their regular meeting which will be held in Cardenas, Matanzas.

Culture Minister Comments on Structural Changes

FL2403150589 Havana Radio Progreso Network in Spanish 1100 GMT 24 Mar 89

[Text] Armando Hart Davalos, member of the Communist Party of Cuba Politburo and minister of culture, has asserted in Havana that the new work structure of the ministry he heads is based on the need for a larger presence of young people in the leadership mechanisms. During a meeting with artists and officials of the sector, Hart said the rectification process made possible the creation of a culture institutional system which will bring deep changes in the styles of work and leadership. He also announced that Comrades Carlos Marti Brene, Omar Gonzalez, and Norberto Estrabao will be vice ministers.

Communications Ministry To Install Transmitters

FL2403183389 Havana Tele-Rebelde Network in Spanish 1700 GMT 24 Mar 89

[Text] The Communications Ministry will install new transmitters this year to improve the quality of television signals. These transmitters will replace the existing ones that have been in use for over 40 years. They will be placed in Guanito, Pinar del Rio; Cueva Arriba, Guantanamo; Camaguey Province; and Tele Villa in Havana.

With this investment, power will be increased in some instances and the quality of television signals will be improved in others, mainly in mountainous areas. The seven contracted transmitters are of modern technology and have integrated circuits. This will make it possible to process the image and relay it with more reliability.

The national television networks currently cover a little over 85 percent of the national territory. Signal reception levels have increased in some isolated areas of the country. Villa Clara and Ciego de Avila are the provinces with greater reliability while Granma is the one that is affected the most. The Communications Ministry plans to give priority to the Turquino Plan.

To Improve Radio System

FL2503180989 Havana Tele-Rebelde Network in Spanish 1700 GMT 25 Mar 89

[Text] A greater exploitation of the modulated frequency band and the replacement of the radio system's obsolete technology are included among the Communications Ministry's priority tasks this year. Six medium-wave transmitters will be replaced and the exploitation of modulated frequency will be increased. Modulated frequency offers better signal reception quality and its transmission through the air is achieved with less interference.

National networks currently cover 90 percent of the national territory and the best results in the reliability of radio transmissions correspond to Isle of Youth, while Las Tunas is the most affected province.

This type of communication services does not yet reach certain rugged areas such as the Escambray mountains, Sierra Maestra, and the Sierra de los Organos. Medium-wave radio signals are received at a network of 173 transmitters through microwave, telephone lines, radio links, and coaxial cable.

Citizens Sentenced for Stealing Eggs

FL2503125089 Havana Radio Progreso Network in Spanish 1100 GMT 25 Mar 89

[Police report from the general directorate of the National Revolutionary Police, PNR—via telephone]

[Text] The Provincial People's Tribunal in Havana has sanctioned citizens Carlos Suarez Henriquez and Rey Issac Corona, workers of the provincial egg collection and distribution unit, to 1 and 2 years imprisonment respectively, for a burglary at La Mariana poultry farm located in Quivican Municipality, Havana.

The two defendants took 195 boxes of eggs from the farm last 19 February. The 70,200 eggs never got to the Boyeros cold storage plant where they were supposed to arrive. The investigation conducted by PNR [National Revolutionary Police] specialists confirmed that the name and driver's license written on the vouchers were false. However, a worker at the affected place wrote down the truck's license plate number. The accounting assistant, although she was fooled by the information received, remembered well the physical traits of the person to whom she handed the voucher.

With this information, the police were able to swiftly identify and arrest the perpetrators of the crime who denied at all times the charges brought against them. Considering the evidence presented by the prosecutor during the hearing showing the guilt of the two defendants, the judicial organ dictated the appropriate sentence in line with what is established in our current Penal Code.

Bahamas

Government Denies Reports of Drug Corruption

FL2403135389 Bonaire Trans World Radio in English 1130 GMT 24 Mar 89

[Text] The Bahamas has denied allegations of drug-related corruption in government. This comes after Wednesday's revelations in a U.S. court that implicated Prime Minister Lynden Pindling in a drug scheme.

In Florida, an associate of Mr Pindling, Everette Bannister, was among those indicted. The documents accompanying the indictment speak of Bahamian officials as receiving money from drug smugglers through Mr Bannister. The documents do not mention Mr Pindling by name.

However, the Bahamian Government reacted angrily to a report by an American television network that Mr Pindling was originally mentioned in the documents. That report said the U.S. State Department ordered the name deleted after reviewing the document.

Several U.S. lawmakers have expressed concern in the wake of the indictment. One has introduced a measure to reject recent U.S. certification of the Bahamas as part of the war on drugs. Meanwhile, chairman of the House Select Committee on Narcotics, Larry Smith, denounced the U.S. Administration's drug policy. He says the present policy continues the one from the last administration; one he said was a failure. Congressmen Smith believes that agencies of the U.S. Government are divided on how to conduct the war on drugs.

Bermuda

United Bermuda Party Official Resigns

FL2403152489 Bridgetown CANA in English 1440 GMT 24 Mar 89

[Text] Hamilton, Bermuda, March 24, CANA—Harry Viera has resigned from the ruling United Bermuda Party [UBP] for the third time in 21 years, this time in protest over the commutation of a murderer's death sentence.

Viera, 54, is a staunch believer in capital punishment and says the governor, Sir Desmond Langley, should not have commuted Jamaican-raised Troy Dean Shorter's sentence to life imprisonment before MPS [no further exansion given] had the chance to vote on whether to retain hanging.

Parliament is scheduled to debate the abolition of capital punishment when it returns after the Easter recess on April 28. Hanging is still on the law books for premeditated murder.

In announcing his resignation, Viera said; "I could have blown the abolitionists out of the water in the debate with the arguments why it should be retained. But after the governor's decision to free a Jamaican hit-man like Shorter, what's the point? The governor has cut the legs from under us and I have said forget it, let another colony go down the tubes."

Viera, a former cabinet minister, resigned from the UBP, accusing Premier John Swan, delegated affairs minister, Sir John Sharpe and Health Minister Quinton Edness of persuading the governor to stop Shorter's hanging. But all three ministers on Friday denied involvement in the decision, with Sir John and Edness taking the unusual step of issuing a press statement about Viera's claims. This question has never been discussed at cabinet or governor's council, nor have we made any representations, directly or indirectly to the governor," they said.

Swan also said the decision has been entirely Sir Desmond Langley's. "There was no discussion at all. At no time at all was I consulted about the death sentence," he added.

He was equally reticent about criticising Viera's decision, even though it cuts his working majority in the 40-member house of assembly to just three, only six weeks after the general election.

"It's his decision. Everyone has his democratic right to resign from the party. We have enough votes," he said.

Shorter, 25, who has a Jamaican mother and Bermudian father, grew up in Jamaica. He was sentenced to death for gunning down supermarket owner Roger Redman in a late-night raid on his shop in July 1986. He still claims he did not fire the gun which killed Redman, although Sir Desmond rejectted hearing new evidence on this.

Dominican Republic

Communist Party Leader on Congress, Elections

PA2403220489 Havana International Service in Spanish 0000 GMT 23 Mar 89

[Telephone interview with Narciso Isa Conde, secretary general of the Communist Party, by Julio Dominguez at the conclusion of Communist Party's fourth congress in Santo Domingo; date not given—recorded]

[Text] [Dominguez] How was the congress and how many delegates participated?

[Isa] This has undoubtedly been a good congress, perhaps the best ever. This congress, unlike previous ones, was not limited to just the days of the congress itself—which included the congress' opening and debate, which lasted 4 days—but included a number of seminars and talks preceding it covering a 3-month period. These were attended not only by members and leaders of the party, but by representatives, prominent figures, and popular leaders of different national political and social groups.

Practically the entire Dominican Left was present, and it had the right to air its views and to participate in the plenary and commission debates. This demonstrates the party's political stature and opened the way for a dialectical and edifying debate that allowed the party's basic doctrine and organizational principles to be renewed and enriched and led to the formulation of integrated and strategical programs to better confront the crisis afflicting the Dominican Republic.

More than 250 delegates with a right to voice their opinions and to vote participated in the congress. It was designed this way on purpose to facilitate the participation of other political groups, and between 100 and 150 delegates participated during the different stages of the congress. These delegates were representatives from other political sectors, popular organizations, prominent figures, and party members who were only allowed to voice their opinions.

[Dominguez] We heard that representatives from progressive organizations and communist parties from other countries also participated. Is that true?

[Isa] Yes, and this congress had the greatest international representation ever; specifically, there were 16 delegations and 25 foreign delegations, including those from Cuba, the GDR, Czechoslovakia, the Farabundo Marti National Liberation Front, the Sandinist National Liberation Front, the Manuel Rodriquez Patriotic Front, the PLO, the Lebanese Communist Party, the Honduran Communist Party, the Haitian Workers Party, and the Organization for the Liberation of Haiti, among others.

[Dominquez] Tell us about your party's position on the next elections in the Dominican Republic.

[Isa] The party alone and with the Dominican Left will analyze the best way to participate in that process. That will be our great challenge over the next few months. It is a complex situation because we have a very antidemocratic election system. It is virtually dominated by three political factions that tend to exclude the minorities, but we will see what can be done because there are significant inconsistencies in the rightist, center-right, and center-left factions. We cannot remain indifferent to this, which could contribute to creating greater crises in the country.

Jamaica

National Planning Council Director Appointed

FL2403204789 Bridgetown CANA in English 1940 GMT 24 Mar 89

[Text] Kingston, Jamaica, March 24, CANA—Management and planning expert, Cezley Sampson, has been appointed executive director of the National Planning Council, the body that will bring together government, business and labour to discuss issues of production and economic development here.

The council falls under the Ministry of Development, Planning and Production, the so-called super ministry, headed by Deputy Prime Minister P.J. Patterson, that touches all key economic sectors.

The ministry is expected to play a major role in developing and coordinating the implementation of economic and development strategies. Patterson said Sampson's appointment was made after consultation with the umbrella Private Sector Organisation of Jamaica (PSOJ) and the Joint Trade Union Research and Development Centre which groups in the major trade unions here.

St Vincent and the Grenadines

Opposition Parties Dismiss Merger Possibilities

FL2503173889 Bridgetown CANA in English 1640 GMT 25 Mar 89

[Text] Kingstown, St Vincent, March 25, CANA—The St Vincent Labour Party and the left-wing Movement for National Unity [MNU] have dismissed suggestions of a possible merger of opposition parties here for the forthcoming general elections, constitutionally due by October this year.

Responding to a call earlier this week by the United People's Movement for Opposition Cooperation leading to the formation of "a front for positive and popular development" here, both MNU leader Dr Ralph Gonsalves and Labour's Vincent Beache made it clear that there was no chance of a merger or alliance between themselves and any of the opposition parties expected to contest the elections.

Beache said it was unclear to him if a call this month by the United People's Movement for Opposition Cooperation also was meant to include any form of merger or alliance. He said at any rate there was no chance of any merger between the Labour Party and any of the opposition parties. Beache said he believed there could be "accommodations within certain lines" but ruled out any question of a merger.

Dr Gonsalves, a former co-leader of the UPM until he resigned in 1982 over ideological differences and formed the MNU, said his party was already preparing to pursue its own electoral objectives by itself. "We have no intention of pursuing any broad-based united front among the opposition parties," he said.

The stand taken by the Labour Party, which is the parliamentary opposition here, and the MNU means that all five parties in the country are expected to vigorously contest the elections. The fifth party is the newly-formed National Reform Party of musician Joel Miguel.

Trinidad and Tobago

Nation's Unions Submit Economic Alternatives

FL2403124389 Bridgetown CANA in English 2228 GMT 23 Mar 89

[By Debra Ransome]

[Text] Port-of-Spain, Trinidad, March 23, CANA—Trinidad and Tobago's Trade Union Movement on Thursday handed in a series of alternatives to government's economic adjustment programme, suggesting a meeting with Prime Minister A.N.R. Robinson following a March 6 national work boycott against his plans.

The Trade Union Movement met Wednesday night to draw up the document entitled "memorandum for discussion...towards a peaceful approach to economic recovery". The five-page document plus a cover letter calls for talks with government based on the response from the country's working population to a call for the March 6 "day of resistance" staged by the labour movement. The boycott was called protest against government's economic adjustment plans and International Monetary Fund (IMF) programme.

At the end of the day of resistance, Robinson had said he was willing to continue talking with the union movement. He, however, criticised the trade unions for only wanting to criticise without suggesting alternatives.

The alternatives listed in the March 23 document include putting on hold controversial 1989 budget measures until discussion for an alternative national economic emergency plan is drawn up. The budget measures that the unions want delayed, include the ten per cent cut in public servants' salaries, due from this month, delay in the proposed cut in transfers to state enterprises, and changes to the country's negative list and price control schedule.

The labour movement also wants government to stay its hand on upcoming changes to the foreign ownership aliens landholding act and plans for divestment of state companies.

The union document and cover letter is signed by both trade union umbrella groupings, the Trinidad and Tobago Labour Congress (TTLC), the Council of Progressive Trade Unions (CPTU), and the major unaffiliated unions representing teachers and sugar workers.

The unions own proposals surround withdrawal from the country's 14-month IMF programme as soon as possible.

"It is the view of the labour movement that such an approach would enable viable alternatives to the IMF road to be developed and placed into motion, thus obviating the need to implement the 1989 budgetary measures determined by the IMF conditionality programme," the memorandum states.

Explaining the measures to CANA, CPTU executive member, Cecil Paul, said the unions wanted full media access to debate the IMF Measures upon which quarterly releases of funds are based.

Pointing to the recent proof attained by Trinidad and Tobago dealing with errors is statistical reporting on the country's economy in 1986, Paul said the Twin Island Republic was in a position to "negotiate out" of its 14-month programme.

"The IMF is at its weakest point in its history. The IMF is being criticised and being watched by all the developing countries and even liberal people in the northern countries of the world so that Trinidad and Tobago, together with other developing countries, can force the IMF into removing some of those conditionalitites," Paul said.

The alternative plans the trade union movement suggests could be put to replace the IMF adjustment programme suggesting that priority be given to agriculture, aquaculture and agricultural processing industries to correct unemployment.

Added to this, the energy sector would be used to enhance short-term recovery and import adjustment rather than spending cuts would be the mechanism for achieving balance of payments problems

The new economic programme, according to the unions, would be funded by an alternative and fairer tax system.

The unions would also seek compensation from the IMF for its errors which former IMF economist Dr Davidson Budhoo, who first pointed out the errors, suggested the country could have suffered on the external market as a result of the IMF's reporting.

Added to this, the unions believe eradication of the country's drug trade would help save foreign exchange losses.

"The vision which Trinidad and Tobago must now pursue is of a policy framework where the people are the objects of national development at the same time as being the achievers of, through their direct participation in, such development," the unions said.

Describing past consultatory sessions with government as "largely farcical and cosmetic" the labour movement said these were only "designed to give the appearance of democracy while the government proceeds to implement its own agenda. We believe that there can be no future for any economic programme if the people of a country are substantially opposed to it and are not part of this development and implementation," the memorandum said.

"We are convinced that the widespread and overwhelmingly positive response of the population to our call for resistance is a clear indication that the people are not in favour of the government's economic policy."

President on Efforts 'To Eradicate Poverty'

PA2503010389 Mexico City UNOMASUNO in Spanish 18 Mar 89 pp 1, 8

[Report by Ricardo del Muro]

[Text] President Carlos Salinas de Gortari yesterday opened a meeting of the National Solidarity Program's Consultative Council and urged Mexicans to "act quickly" in those places where poverty has created emergency situations and to bring them education, health, food, basic services, and above all, solidarity "which will be the cement with which to build a more just and prosperous nation."

The Executive Branch head emphasized the need to strengthen our economy, to encourage productivity, and to broaden the internal market. "It is not simply a matter of increasing subsidies for those who have less or for those who have almost nothing. Contributions will not erase the fact that they have been forgotten and are hungry. We need to create the necessary conditions so that those who live in poverty can lift themselves out of it by getting better jobs," the president said.

Salinas de Gortari met with the consultative council members at Los Pinos Presidential Palace and said that his administration will not impose solutions that do not correspond to actual needs. "We have proposed a realistic program that encourages pledges and participation and that should promote collaboration and creativity. We will not therefore be overwhelmed by the unexpected or by the problems we face."

The president addressed businessmen, intellectuals, labor and peasant representatives, researchers, and members of opposition political parties, emphasizing that if we want to modernize our government and society, it is necessary to launch a fierce attack against the social backwardness that causes extreme poverty.

"It is necessary to eradicate poverty. We must break the vicious circle. Extreme poverty is a negation of the values that we and our society uphold. Our society should fully provide the opportunities we need and strive for," Salinas de Gortari said.

The president added that the specific projects sponsored by several organized groups at various government levels are undoubtedly important, but emphasized the need for national programs aimed at eradicating poverty, which would benefit all impoverished Mexicans.

Referring to this issue, Salinas de Gortari said that it is necessary to strengthen the economy so that those who have less may turn Mexico into a just nation with their active and productive participation. He added: "We will certainly improve social morale—with everyone's help, of course—while simultaneously encouraging production, broadening our internal market, and establishing a solid basis for national development."

The president pledged to respect cultural differences and to recognize the many existing needs, differentiating between the needs of each zone or social group but not replacing community efforts and energy. "We will act quickly in areas where poverty has created emergency situations, such as in the countryside, Indian villages, and low-income neighborhoods by bringing the indispensable educational, health, supply, food, and other basic services. Above all, we will bring solidarity," Salinas de Gortari emphasized.

The Executive Branch head pointed out that the government intends to broaden and enrich the principles of solidarity and cooperation, extending it to all segments of our society through the creation of the National Solidarity Program's Consultative Council.

EXCELSIOR, UNOMASUNO on Brady Plan

PA2303163889

[Editorial Report] Mexico City EXCELSIOR on 14 March carries four articles on the subject of the proposals presented by U.S. Treasury Secretary Nicholas Brady, while Mexico City UNOMASUNO on 14 March publishes one editorial on the same issue, known as the "Brady Plan."

Three separate 350-word editorials appear on EXCELSIOR's page 6-A, dealing with the subject by requesting "explanations" in view of the "questions that have arisen concerning Washington's new policy on the Latin American debt." Quoting Mexican Finance Secretary Pedro Aspe Armella, the first EXCELSIOR editorial points out that "so far, only contradictory and confusing words have been heard." The second EXCELSIOR editorial notes that only 3 days after the plan had been announced, David Mulford pointed out these were only "ideas and suggestions," which the editorialist feels reflect even Washington "began to experience difficulties and difficulties." The last editorial tries to find a reason for the "significant change" among the creditor nations, concluding that "perhaps" the creditor institutions and governments now understand the burden of the "black economy." The editorial concludes by pointing out that the "Brady plan will have a test of fire in Mexico."

In a 320-word article by Aurora Berdejo Arvizu on pages 1-A and 30-A, EXCELSIOR says that "even the White House is cautious" about the proposal made by Nicholas Brady and that "once again, the debt panorama becomes cloudy." Berdejo Arvizu concludes her article by saying Finance Secretary Aspa Armella is expected back in the country on 14 March, at which time Mexicans "will learn of the results of his meeting with Brady and the situation on the reorganization of the foreign debt."

The 500-word UNOMASUNO editorial on page 14 also comments on the Brady plan, "which continues to be the subject of political negotiations among the various government offices of the Bush administration." The editorial concludes that the "uncertainty surrounding the

specific terms of the Brady plan show that the George Bush government has understood the seriousness of the debt crisis and has hastened to find a solution. Let us hope it will now solve its own internal contradictionns with the same speed."

Pemex Petroleum Issues Annual Report
PA2603150289 Mexico City EXCELSIOR in Spanish 19 Mar 89 pp 26-A, 27-A

[Annual report delivered by director of Pemex, Francisco Rojas during a ceremony marking the 51st anniversary of the nationalization of the oil industry, held at the Pemex offices in Mexico City on 18 March]

[Text] Mr President of the United Mexican States, Mr Secretary of the National Executive Committee of the Trade Union of Petroleum Workers of the Mexican Republic, Mr Secretary of energy, mines, and parastatal industry, and Mr President of Pemex's [Mexican Petroleum] Administrative Council, Mr Secretaries of State, Mr Governors, ladies and gentlemen:

On 18 March 1938, with the recovery of its hydrocarbons, Mexico recovered the economic and political ability to continue being independent and sovereign. Thus, besides reaffirming the state's sovereign power at home, the nationalization of petroleum companies projected an image abroad of juridical equality and the right to self-determination regarding other states. This is why for all Mexicans, the nationalization of petroleum transcends the industry itself and stands as a prominent historical event for our fatherland. The government legally turned over to the nation, and for its benefit, the exploitation and development of the petroleum wealth, and enforced the mandate that the Constituent Assembly of Queretaro included in Article 27 of the Constitution. For 51 years, nationalized petroleum has been closely linked to the challenge of development. This is an appropriate moment to reaffirm the fatherland's recognition for the hard work of the revolutionary governments and recall the historical decree of Lazaro Cardenas without partisan selfishness.

Today, as on every anniversary of the nationalization of the oil industry, an annual report of Pemex activities and some additional thoughts regarding the most important enterprise in the country is presented.

We can say that despite the difficulties we have confronted, the Pemex operational balance for 1988 is favorable.

Despite the budget restrictions and the fact that primary activities have become more difficult and costly, the exploration tasks continued almost throughout the entire country with 95 crews involved in field studies and 138 projects requested by the cabinet.

In 1988, 33 exploration and 111 development wells were drilled. Of the 111 development wells drilled, 87 turned out to be oil-producing wells. Likewise, the volumes of production went according to schedule; a daily average of 2.506 million barrels of crude oil and 3.478 billion cubic feet of gas were produced. In addition, we began producing Olmeca, a new type of exportable crude that has a higher commercial value than the Isthmus crude. This was done in accordance with our policy intended to increase Mexico's export revenues.

On 1 January 1989, the total liquid hydrocarbon reserves amounted to 67.6 billion barrels. The 2-percent drop in comparison to last year's production was due to the fact that the extraction process outstripped the reserves.

Pemex gave priority to industrial transformation activities because they are the means of turning natural hydrocarbons into products for final consumption or irreplaceable raw materials in a great diversity of industrial processes. It is a pleasure to inform you that the goal of increasing productivity has produced tangible results.

Examples of this are the installation of the regeneration system at the Salina Cruz refinery that allows us to substantially increase the production of high-octane gasoline, which is already being exported; the improvement of distillation processes that increased the processing of heavy crudes by 14 percent, without low-value residues; and the better use of gas currents and catalytic plants that led to an 8-percent increase in the production of liquefied gas.

The total daily production of petroleum by-products was 1.403 million barrels. The production of petrochemicals, which includes 46 products, was 15.462 million tons, the highest in Pemex's history and 12 percent higher than that of the previous year.

One of Pemex's main duties is to efficiently supply the country with petroleum by-products and petrochemicals on time and under strict quality standards. To that end, there is a great infrastructure that is subjected to permanent supervision, maintainance, and modernization.

In 1988, domestic sales of petroleum by-products averaged 1.189 million barrels per day. A special kind of diesel with a low sulphur content deserves special mention. To support the struggle against environmental contamination, Pemex has significantly increased the supply of this product to the valley of Mexico. From 3,000 barrels per day in January, it was supplying 23,000 as of December 1988.

Petrochemical sales reached 5.839 million tons, which included significant increases in dodecylbenzene, methanol, cumene, and toluene.

In the area of petrochemicals, productivity measures and the need to increasingly gain access to international markets for products with higher market value resulted

in significant surpluses that were exported. The year 1988 became the first year that Pemex registered a favorable trade balance in this area. Net exports were nearly one-half million tons, with a positive balance of more than $56 million.

As for projects, priority was given to projects to help reduce operational costs and tip the foreign currency scale in favor of the country, to increase security levels and trust in operations, to promote industrial modernization and a multilayered effect on the generation of jobs. Within this framework, 799 projects, from their design to their construction, were implemented last year.

As for the international crude oil trade, Pemex continues to be a reliable supplier for many clients from 20 countries to which it sold 1.307 million barrels per day.

The stability of world markets has been a permanent concern of Mexico. Disagreements among producers set the price of Mexican crude at an average price of $12.42 per barrel; the country received $5.855 billion in foreign currency. Mexico has not and will not spare any efforts to support actions making the international petroleum market more secure and stable. With that in mind, for the first time, an explicit cooperation accord among non-OPEC producers was promoted.

Also, various indicators allow us to describe Pemex's finances as satisfactory in 1988. There were important contributions to public finances. First, 13.622 trillion pesos—which is half of its net sales revenues—were paid to the Treasury for the right to extract hydrocarbons; second, an additional 10.11 trillion pesos were paid by third parties and its own consumption. In all, Pemex paid 23.633 trillion pesos—that is, 46 percent of the Federal Government's tax revenues. The tax on Pemex's sales reached 45 percent, the highest in the country and certainly abroad. Moreover, it also made significant contributions to the balance of payments. Pemex's operations in foreign currency yielded a positive balance of $3.885 million. Its international sales represented one-third of total Mexican exports.

In 1988, Pemex achieved production goals, maintained crude export levels, and surpassed goals for exports of petroleum by-products and petrochemicals; registered a primary surplus equal to 15 percent of sales revenues; continued a policy to reduce debt, interest payments, and commissions; and managed a budget under strict rules set by the country's financial authorities that resulted in reducing planned expenditures by 10.3 percent in real terms compared to 1987.

In light of these results, I wish to make some observations. Pemex has been the model for public enterprises. In pursuing great national objectives, it generated resources to promote agricultural development, expand highway construction, build schools and hospitals to make education and health services available in all areas of the country, and created an industrial infrastructure that serves to help build private capital. The multiplier effect of petroleum investments has been very strong in the areas of employment, taxes, and foreign currency accumulation. Petroleum became part of Mexico's national identity, and, to a great extent, has determined the activities in which Mexicans have chosen to become involved.

This institution is not the result of improvisation or empiricism; it is the product of history, of the events experienced by Mexicans in their unending search for an independent means through which to achieve development; the product of the just aspirations to develop our natural resources; the result of juridical and social changes that led to expropriation; in sum, it is the result of a congruent process of national integration, which is also a solid platform for changes that the country has made in the past few decades. It would suffice to mention Pemex as an example if there is ever a need to justify the strategic and priority role of public enterprises in development.

The current decade has been characterized by challenges. Following a period of accelerated economic growth, a number of negative factors originating at home and abroad forced us to redesign our development model.

Pemex has used its capabilities and its well-established and efficient structures to help government to straighten out public finances and programs, to make structural changes, and to fight inflation. However, the task of transforming Pemex and increasing its contributions to the national well-being is not over.

The Pemex of Lazaro Cardenas allowed the world to see the capabilities and nationalism of Mexicans, who were capable of building the largest company—the company with the largest surpluses that are invested in national development. Quantitative development phases with increasing crude production followed; new fields were discovered, and an increasingly larger number of petroleum by-products and petrochemicals began to be produced. We are facing a different kind of challenge today: to maintain production levels, which is no easy task in a mineral extraction industry. It is also necessary to make qualitative improvements that will put us in the best position to compete internationally and to promote Mexico's basic industry, as required by President Salinas de Gortari's economic strategy.

Primary production is facing the natural limitations of an extraction industry whose ability to acquire capital has been weakened. That is why we must establish a strategy to maintain reserve levels and counter medium-term deterioration of production levels.

Industrial transformation activities will seek to achieve three great objectives: restructure operations and investments to cut costs and increase revenues; revive the petrochemical area as a pillar of our foreign trade; and, most important, support the accomplishment of great national objectives.

The mineral extraction and petrochemical industries cannot be run with a short-term approach. The uncertain nature and long maturation process required for petroleum activities and the long time it takes to reach peak production levels in the high technology petrochemical field demand long-term planning.

This is why trade policy must act as a coordination center for market demands and opportunities, and must serve as a sieve for deciding which productive activities will be implemented. There is no reason to specialize in fuels with low technical efficiency and little value added. The flexibility of decisionmaking processes and productive operations must be enhanced. This means changing the industrial structure, complete networks [encadenamientos], to create dynamic advantages, eradicate waste, offer—without subsidies—industry products at prices that will also make secondary and tertiary processing activities of many other Mexican producers competitive. Moreover, there is a need for internal administrative reforms and the creation of increasingly human, participative, flexible, and better coordinated working conditions.

This is why it can be said—without exaggeration— that, in addition to production tasks, Pemex will have to make adjustments to allow it to continue to contribute to society's goals, strictly in accordance with Articles 27 and 28 of the Constitution. Article 27 clearly defines the nation's ownership and the state's direct authority over natural resources. Article 28 stipulates the activities that the state is to carry out exclusively.

Therefore, the recent distorted reports of Pemex privatization or break up are lies that result from party interests or unacceptable dogmatism. The government does not intend and never has intended to privatize or break up Pemex, neither will the state relinquish its right to the exclusive exploitation of the basic petrochemical industry. We will not take a single step backward in this regard. The oil surpluses every year constitute the patrimony of all Mexicans. Such surpluses will raise the standard of living of the entire nation and not just for a few. At the insistence of the people, the president has given instructions to adjust production structures and strengthen working systems to modernize the corporations—that is, to resume economic growth with social justice.

We are also prepared to meet the president's demand to protect the environment. Programs are under way to improve the quality of fuels, reduce the emission of toxic gases, avoid the discharge of polluted waters, protect the soil, forests, and jungles in the regions where oil is being extracted, and make oil workers aware of the need to care for the ecological system. In the metropolitan area and in the valley of Mexico, these measures are being implemented on instructions from the authorities.

The economic difficulties that we will have to face in 1989 cannot and should not be insurmountable obstacles that hinder completion of the priority tasks we have been tackling. We will have to continue to service and upgrade plants; carefully assess the resources allocated for finishing projects or eliminating bottlenecks; balance production lines; improve distribution and marketing systems; establish modern organization and information methods. In short, we have to continue and expand programs for saving and taking the best possible advantage of our resources in every field. This is what the president had in mind when he promised workers to expand the oil tanker fleet within the scope of a broad plan to modernize the industry's transportation and distribution system. Pemex has to create its own fleet to meet the organization's regular and strategic needs and long-term demands. This is why new financial plans have been used to buy ships for the same amount of money that used to be paid to lease them.

As the result of changes within Mexican society, oil workers have actively transformed their labor union organizations and joined the modernization effort that Pemex has undertaken. Without close cooperation between the corporation and workers, it would be difficult to make the adjustments necessary for Pemex to achieve its goals.

We realize that the current labor union leaders are willing to modernize the corporation and are eager to participate in this activity. These leaders are determined to help make changes, and they clearly have a nationalistic desire to strengthen the country's biggest industry. The state has entrusted to us the delicate responsibility of exploiting one of the most valuable natural resources. The ownership and utilization of hydrocarbons belongs exclusively to the state. Pemex works for the nation only. There is not and there cannot be any interest higher than this, no matter how respectable it may be.

A concerted effort has been initiated at Pemex, which we will continue, to modernize rigid structures that are incompatible with the flexibility needed to take advantage of domestic and particularly international markets.

The historic commitment that we oil workers make today includes, not only providing the domestic oil supply, but increasing income and keeping public finances healthy. From now on and in a united manner, we will learn to do more with less and, particularly, to responsibly contribute our work and ingenuity to becoming more efficient, honest, and better.

All devoted workers who are willing to contribute their share and learn will be acknowledged and stimulated. Their work will pave the way to positions of greater responsibility. Pemex leaders, in turn, promise to implement the most advanced technologies, establish the best training systems in and out of working centers, and devote a considerable portion of their investment resources to servicing and improving their facilities.

Perfecting methods and systems; tackling new activities, expeditious training and retraining of workers and technicians; and creating an awareness of the struggle against

waste are the best ways to improve and protect our jobs and to renew Pemex's capabilities as the country's largest enterprise and the one that contributes the most revenue to the country's development.

It is this institution's main purpose to ensure the well-being of the oil family. Protecting employment and the purchasing power of the worker's wages are priorities for Pemex. The proper maintenance of the Pemex' industrial plant is not only intended for economic purposes but also represents the unpostponable need to guarantee the safety of our human resources, represented by the workers and technicians.

We shall march down new paths; we shall do so without impositions or arrogance; with concerted efforts uniting us, Mr President, just as your government is doing with all the groups that make up our society. We will strengthen the pillars that support harmonious coexistence and, in our daily relationships with the workers, we will set aside sterile confrontations or vindictive attitudes. The technicians and the administration know that, together with the union members, they are all part of the great family in which the same desire for work and the spirit to contribute to Mexico's greatness prevails.

The uncompromising leaders never represented the real feelings of the immense majority of the Pemex workers. Their thirst for power caused them to misinterpret the real feelings of their members, and they placed their private interests ahead of those of the nation.

These leaders used the achievements which were legitimately earned by the laborers to strengthen themselves as the enlightened bosses and to implement the degrading worship of high-ranking persons. Their audacity and arrogance did not allow them to differentiate between criminal conduct and the respectable struggle of the worker to improve his situation.

We have institutions that allow us to solve differences and unite wills. Each day we work to perfect democracy, expand our freedoms, and strengthen our independence and sovereignty. No one is above the law, and no one can say he owns something that belongs only to the nation. No one has the authority to conspire against the safety of the group or break the law. Crimes against public order are tried by a public court where political affiliations or claims to power are useless. Where law and order are concerned, in Mexico, we are all equal. There are no untouchables.

We reiterate that Pemex belongs to the nation. It does not belong to a privileged group, nor will it ever be the private claim of a privileged few. Pemex needs the help of the best Mexicans, despite their origin, to form strong technical cadres committed to the revolution and its cause. We must think of our work as the path toward fulfillment and improvement. Together, administration and union, we will try to achieve all that will enhance us and put aside all that degrades us. United, trustworthy workers and union members, we will rebuild the best virtues of our old republican tradition. Joined by common goals, we will defend the institution created by the political genius Lazaro Cardenas from all vice and corruption.

Some people would like to see a division between the state and the workers, but there is none. The alliance between the Mexican state and the labor movement is not based on temporary agreements or circumstantial coincidences; it is the result of the revolution's political plan because they, the nationalist unions, have been and are the strong pillars that support the republic's most important institutions. The state has been and is an efficient and determined promoter of the most important labor achievements.

The organized workers continue to do justice to the old tradition of struggle and patriotism. Their great organizations remain on the sidelines of adventures and infantile attitudes. However, the labor movement and revolutionary state have strengthened each other and have been the main characters in the building of a modern Mexico. The country's largest labor union continues to lead the struggle and establish goals. It is directed by an exemplary leader: Fidel Velasquez.

In today's Mexico, built with the effort of several generations, no one is exempt from contributing his part to help overcome the obstacles to development with social justice. No one has the right to remain on the sidelines when it comes to national duties; but no one is forced to renounce his ideological beliefs or membership in a party. A pluralistic society is based on diversity. Pemex is a rich mosaic of the Mexican society and within the Pemex mosaic there is also democracy and commitment.

During the next few years we, the oil workers, can greatly contribute to the nation's modernization. We must stamp out pockets of resistance, correct deviations, and fight inertia. This is not an easy task, but we are not afraid of old or new problems. There is a spirit of renewal and an unrestrainable desire for change. We are fully aware of the role we must play in the government's economic management and of our duty to return the confidence Mexico has placed in Pemex with our efficiency, honesty, and strict adherence to the law.

The workers are in solidarity with the industry, and they proved it on 10 January when a small group of workers tried to disrupt its operations. The workers' reaction dispelled myths and past stories. Through their attitude, they showed that they respect the laws and totally oppose adventures that jeopardize the nation's interests.

We have a government that is abiding by the laws and enforcing them. There is a determination to join efforts and wills with all sectors. There is a firm hand and sensibility to exercise power. There is stamina and intelligence not to dismay nor to stray from the right path. There is tranquillity and commitment to maintain unity and to strengthen harmony.

There is also an impetus to modernize, to discard what is outdated, and to establish new ways to fulfill the political program of 1917. There is a clear vision of what we seek and where we are going as well as strong ideological convictions to help rebuild our institutions and to profit from our successes.

Society changes and agrees to make new changes. It enriches pluralism to strengthen unity and expand opportunities for participation.

Regarding workers' legitimate rights and trade union autonomy, we will make our daily relations harmonious and fruitful in order to confront the challenge of modernizing Pemex.

The oil workers are at Mexico's service without qualifications, conditions, demagogy, or disloyalty. Solidarity with our country allows no reservations, now or ever. Our only aspiration is to fulfill one goal: to do our duty for Mexico.

Reports Revenue Statistics

PA2503200889 Mexico City EL DIA in Spanish 21 Mar 89 p 2

[Summary] Pemex has reported that revenues from domestic sales of oil products in 1988 totaled 14,562,038,000,000 pesos, compared to 7,083,795,000,000 pesos in 1987. This increase was mainly due to the rise in oil prices in December 1987. Pemex also reported that 10,638,157,000,000 pesos were obtained from the sale of oil byproducts; 1,867,965,000,000 pesos from the sale of natural gas; and 1,841,493,000,000 pesos from sales of petrochemical products.

Country To Receive Loan for Agricultural Program

PA2503165789 Mexico City UNOMASUNO in Spanish 20 Mar 89 p 15

[Summary] The Mexican Secretariat of Finance and Public Credit has announced that the Inter-American Development Bank has approved a $140-million loan for the country. The money will be used to finance part of an agricultural credit program. The overall objective of the program is to restore the availability of credit for the agricultural, livestock, agroindustrial, and fisheries sectors. The specific objectives of the plan include promoting production, productivity, and marketing of staple products; increasing capitalization; and supporting technical modernization.

IDB Reportedly To Grant $2-Billion Loan

PA2403172689 Mexico City Red Nacional 13 Imevision Television in Spanish 1300 GMT 23 Mar 89

[Text] Jose Angel Burria, Mexican foreign financial affairs deputy director, has reported that Mexico will receive a $2-billion IDB [Inter-American Development Bank] loan within the next 4 years. Mexico will receive $500 million a year between 1990 and 1993.

Burria made the announcement at the end of the 30th IDB governors' meeting, which concluded yesterday in Amsterdam, Netherlands.

The IDB governors discussed the IDB's recapitalization and its subsequent increase of resources to $26.4 billion. With a stronger economy, the IDB will be able to grant $22.5 billion in loans to Latin America and the Caribbean within the next 4 years.

The agreement to recapitalize the IDB—reached after a long night of discussion—ends a 3-year conflict between Latin America and the United States.

IDB President Enrique Iglesias said the new agreement ends years of nightmares during which the IDB had to reduce its lending activities to the bare minimum.

Iglesias added that with more resources and reorganization, the IDB will play a significant role in solving the Latin American debt problem.

El Salvador

Venceremos Reports Clashes, FMLN Sabotage
FA2403195489

[Editorial report] (Clandestine) Radio Venceremos in Spanish to El Salvador at 0000 GMT on 23 March broadcasts 5 minutes of reports on clashes between the Farabundo Marti National Liberation Front [FMLN] and the Army and on rebel sabotage of the Salvadoran energy and railroad system.

The first report says FMLN guerrillas ambushed Army Cavalry troops on the road from San Rafael Cedros to Sensuntepeque at 1015 on 22 March, killing two soldiers and wounding six others, including a sergeant and a radio operator, with "two powerful mines and rifle fire." The reports adds: "We completely destroyed the armored vehicle in which the troops traveled."

The next report says FMLN militias destroyed several electric towers on the road between San Martin and Agua Caliente on 19 March.

The last report says FMLN units sabotaged a train at Santa Gertrudis Canton, San Vicente Jurisdiction, on 22 March, adding: "The locomotive was completely destroyed."

Airs 22-23 Mar Military Reports
PA2403194189

[Editorial Report] (Clandestine) Radio Venceremos in Spanish to El Salvador at 0000 GMT on 24 March broadcasts 8 minutes of military bulletins, including reports on clashes between the Salvadoran Army and the Farabundo Marti National Liberation Front [FMLN] guerrillas as well as attacks on the country's energy system.

A report from Guazapa Hill says FMLN guerrillas attacked Soriano Battalion troops stationed near El Roblar at 1500 on 22 March, inflicting 12 Army casualties with "explosives and grenades."

The next report, from Cabanas Department, says Cabanas Battalion troops entered a minefield near Pena Blanca Canton, Villa Victoria Jurisdiction at 1630 on 22 March. The report adds that the Army sustained five casualties. The same report says FMLN rebels clashed with 1st Infantry Brigade and Soriano Battalion troops at La Mora hamlet, Capote Canton, Suchitoto Jurisdiction, on 22 March, killing or wounding six soldiers.

The next report says FMLN guerrilla units clashed with units of the 3d Infantry Brigade's Monterosa Commandos near El Plan and La Laguna Cantons, San Luis de la Reina Jurisdiction, San Miguel Department, at 1300 on 22 March, inflicting four casualties on the Monterosa Commandos, including a sergeant.

The last report says FMLN guerrillas and militia units blew up five electrical towers between EL Transito and Primavera Cantons, San Miguel Department, on 23 March.

Army Claims 45 FMLN Killed, 33 Wounded
PA2503224089 Panama City ACAN in Spanish 1740 GMT 25 Mar 89

[Excerpts] San Salvador, 25 Mar, (ACAN-EFE)—The Salvadoran Army announced today that last week its forces killed 45 guerrillas and wounded 33 in clashes reported in various parts of the country. The Armed Forces General Command today published a report on the Army's activities between 17 and 24 March, including information on clashes that occurred on 19 March, the day of the presidential elections.

The Army, without going into great detail, accused the FMLN of murdering 7 civilians, wounding 54, and "kidnapping" 15 more. [passage omitted]

The military report does not mention any Army casualties. [passage omitted] The Army maintains that last week, rebels destroyed 25 civilian homes during attacks on military positions.

Guatemala

Pavon Farm Prison Riot Leaves 15 Dead
PA2703000289 Buenos Aires REUTER in Spanish 2317 GMT 26 Mar 89

[Text] Guatemala City, 26 Mar (REUTER)—Authorities have reported that a riot at a Guatemalan prison located 25 km east of this capital has resulted in at least 15 persons killed and more than 10 injured.

Unofficial figures by fire fighters indicate that no less than 15 persons were killed and more than 100 [as received] were injured during intense shooting that broke out in the wing that houses the most dangerous convicts at Pavon Farm Prison.

According to the reports, the prisoners seized the security guards' carbines and holed themselves up in the northern wing of the prison. The local radio station, Radio Fabulosa, reported that the convicts had seized 245 carbines and ammunition.

The station added that an antiriot police squad showed up this afternoon, and the situation is now under control.

Fire fighters and eyewitnesses reported the shoot-out between the security guards and the rioters had been intense and prevented aid from arriving for the victims.

In addition to the 1,500 convicts at the prison, there are hundreds of visitors today, Easter Sunday.

There has not yet been a report on the cause of the riot.

Radio Fabulosa later reported the riot is continuing, that an Army helicopter gunship overflew the prison this afternoon, and that the shooting that began at around 1320 (1920 GMT) has intensified.

Walter Fuentes, commander of the fire fighters, offered to mediate with the prisoners. Meanwhile, the police are preparing to storm the installations, the authorities reported.

Shooting at Prison Subsides

PA2703021289 Guatemala City Cadena de Emisoras Unidas in Spanish 0120 GMT 27 Mar 89

[Report by unidentified reporter from Pavon prison—live]

[Text] [Reporter] A few minutes ago, negotiations were held to permit the entry of units of volunteer fire fighters, municipal fire fighters, and Red Cross workers. We are waiting for the evacuation of injured persons to begin at any moment. This means negotiations are beginning to yield results.

This is an urgent report. The prisoners have permitted five stretchers to be taken into the prison. The negotiations are apparently yielding results. Shooting has subsided. We have not heard a single shot from inside the Pavon installations for the last 35 minutes.

As far as we have been able to see, halfway into the prison there has been a lot of destruction to the walls and windows. Judging by the damage to the walls, one can see the shooting was intense. The windows were shattered by the intense shooting that broke out between the prisoners, who holed themselves up in Pavon prison, and the security guards. The convicts seized more than 100 carbines and a large amount of ammunition.

The prisoners have allowed stretchers to be taken in to evacuate some injured persons. Children will be evacuated. Some women are being held hostage. Negotiations between the convicts and the authorities yielded results today. The convicts agreed to permit the wounded persons to be evacuated. We can hear voices of anguish in the background. We have partially entered the installations and can hear voices of anguish. The persons are calling out: Please do something for us. These are the calls of anguish coming from the windows. We do not know who they are or who the hostages are.

This is an urgent report we are giving you. The prisoners permitted the fire fighter corps to take in five stretchers to evacuate the wounded persons. The wounded include children and some women who were visiting the convicts. The prisoners are being evacuated. The evacuation has begun. We will speak to one of the volunteer fire fighters' drivers who is taking wounded persons to a medical center. How many wounded persons are you taking?

[Driver] Only two wounded.

[Reporter] Are they some of the rioters?

[Driver] Yes.

[Reporter] We will see if they permit us to go to the back part of the installations. Several policemen and paramedics are taking two seriously wounded prisoners to a medical center for treatment. They were two of the rioters who have been evacuated. We will now return to our studios.

Government Denies Existence of State Terrorism

PA2503010689 Guatemala City LA HORA in Spanish 17 Mar 89 p 4

[Text] In response to charges made by the General Confederation of Guatemalan Workers (CGTG), the Guatemalan Government has stressed that there is no state terrorism being practiced in the country. The government rejected charges presented by the workers' union regarding a specific case of a worker who was allegedly subjected to police brutality.

The government released an official communique stating that "there is no psychological campaign, or other actions that could be described as state terrorism, being practiced in the country because the government respects the activities carried out by the unions and union leaders as long as they are legal."

Regarding the charge presented by the CGTG, the government states that this may involve an infraction committed by policemen who will be punished if charges are presented and if the policemen are found guilty of the charges.

According to the CGTG, there have been several reports in the past few months of attempts to intimidate workers. The CGTG added that these workers have been affected by a psychological campaign launched by the state against various unions. The organization mentioned the specific case of a worker who was beaten by policemen.

The government's official statement adds that "the security corps must abide by the law, and if the allegation presented by the CGTG is true and an illegal action was committed against a certain person, then we must understand that the law has been broken. If the policemen broke the law, we recommend that the CGTG bring the case before the court so that the appropriate punishment can be handed down." In addition, the statement reiterates that the government promotes respect for the labor unions and other similar organizations.

Honduras

Government Reacts Positively to Contra Aid

PA2403222589 Buenos Aires REUTER in Spanish 2107 GMT 24 Mar 89

[Text] Tegucigalpa, 24 Mar (REUTER)—Honduran Government officials today expressed satisfaction with the agreement reached in Washington today to give more

humanitarian aid to the Nicaraguan rebels encamped in Honduran territory. The officials, however, denied that the government will allow the contras to stay until their money runs out next year.

U.S. President George Bush announced in Washington that congressional leaders agreed to give approximately $4.5 million per month to the contras for food, medicine, and clothing until the Nicaraguan elections are held in February 1990.

Honduran Foreign Ministry spokesman Eugenio Castro said that the government, a close ally of the United States, backed the resumption of humanitarian aid as a means of preventing the rebel army from disbanding and turning into looters.

Castro said: "Although the aid has been approved until February, this does not necessarily mean that the contras will stay until that time." He pointed out that the aid could also be used to demobilize and relocate the rebels.

Honduran President Jose Azcona, whose 4-year term expires in January, said that he hopes to resolve the contra problem early this year. In addition, he denied rumors that he had been asked to authorize the presence of the contras in Honduran territory until February.

In Miami, the contras, who say they have 13,000 troops encamped in eastern Honduras, said that the additional aid would keep their army intact and pressure the Sandinists into implementing the democratic reforms they had promised.

The current $27-million aid package expires at the end of the month, but the rebels have said that they have not yet [word indistinct]. The additional aid amounting to approximately $45 million will start pouring into the contra ranks in May.

Castro said that finalizing a schedule for the demobilization of the contras depends on the Central American presidents, who are scheduled to meet in Honduras in May. The Central American foreign ministers will also analyze the matter in San Jose next week.

The Central American presidents agreed last month to draft a plan to move the contras out of Honduras and to send them either back to Nicaragua or to other countries as refugees in exchange for the implementation of democratic reforms in Nicaragua.

Honduran Ambassador to Nicaragua Efrain Gonzalez said last week that the contras are likely to remain in Honduras at least until the elections. However, the Foreign Ministry said on Monday that "the remarks attributed to Gonzalez do not accurately represent the government's position."

Castro added that he is encouraged by the fact that President Bush will try to have the Soviet Union participate in resolving Central American problems. In recent years, Moscow has backed Nicaragua while Washington has supported the four other area countries.

Azcona Calls Aid 'Necessary'

PA2503051689 Buenos Aires REUTER in Spanish 0427 GMT 25 Mar 89

[Text] Tegucigalpa, 24 Mar (REUTER)—Honduran President Jose Azcona said today that the humanitarian aid the U.S. Government will give the Nicaraguan rebels is necessary for Honduran security. He denied, however, having given the authorization for the contras to stay in his country another year.

U.S. President George Bush and U.S. congressional leaders today agreed to deliver about $4.5 million to the contras monthly to purchase medicine, food, and clothing until the Nicaraguan elections are held in 1990.

The $27-million aid package that the rebels have been receiving is scheduled to expire on 31 March.

Azcona told reporters in Tela, Honduras, a summer resort on the Caribbean where he is spending Easter: The new allocations for aid "are necessary for Honduras' security. We will not oppose this aid because not even Nicaraguan President Daniel Ortega objected to the humanitarian aid for the contras."

Azcona, a close ally of the United States, has warned that without this aid the rebels could turn to looting in Honduras.

When asked whether it was true that he had decided to honor a request from Washington to allow the contras to stay in Honduras until elections are held in Nicaragua, Azcona said: "It is not true."

Shortly before, Honduran Foreign Ministry spokesman Eugenio Castro said: "Although aid has been approved until February, that does not mean the contras will stay until that date."

The official recalled that the aid is also to be used to demobilize and relocate the contras.

Azcona, who will end his 4-year-term in January, has said that he wants the contra problem to be solved this year. However, diplomats believe that U.S. pressure may force Honduras to agree to let the Nicaraguan contras remain on Honduran territory.

In Miami, the contras, who claim to have an army of 13,000 troops based in Honduras, said that the funds that Washington will provide will permit them to maintain their troop strength and, therefore, to continue to exert pressure on the Nicaraguan authorities to fulfill the promises they made to implement democratic reforms.

The counterrevolutionaries have not used all the funds in the current aid package. The new aid package will be dispensed in nine installments for a total of $45 million, which will begin to arrive in May and will be suspended in the event the rebels attack Nicaragua.

Azcona said that he hopes the Central American presidents will meet in Tela, Honduras, on 13 and 14 May. In February, the heads of state agreed to draft in mid-May a plan to permit the departure of the rebels from Honduras in exchange for the introduction of democratic reforms in Nicaragua.

Before the May summit, "Honduras will make proposals for the demobilization of the insurgents," Azcona stated.

The Honduran Foreign Ministry spokesman noted that the time frame for the disbanding of the rebels depends on the Central American presidents and not on Washington.

Nicaragua

Government Rejects U.S. Aid to Contras

PA2403222989 Hamburg DPA in Spanish 2106 GMT 24 Mar 89

[Text] Managua, 24 Mar (DPA)—The Nicaraguan Government has described the U.S. Congress' bipartisan declaration on funding the "contras" as "ambiguous and contradictory" and a measure that George Bush's government needs to "save face" as a result of "the failed U.S. policy in Nicaragua."

Today in Managua, Alejandro Bendana, Nicaraguan Foreign Ministry general secretary, read a Sandinist government communique after President Bush announced in Washington that the U.S. Congress had agreed to grant $45 million to the anti-Sandinists for humanitarian aid through February 1990.

The communique points out that the Central American presidents' 14 February declaration clearly states that "the contras should be disbanded" in keeping with a plan that will go into effect in May.

Citing the Nicaraguan document, Bendana said it demands one of two positions. "Either the Central American presidents' plan to disband the contras is supported or the continued existence of an armed counterrevolutionary force is accepted."

Bendana said the Nicaraguan Government is not bothered by the U.S. "declaration of victory," but that it would invite the United States to make such a declaration "after it has changed its policy toward Nicaragua."

He said the United States supported the installation of mobile and permanent observers on the borders of the Central American countries to confirm the security pledge agreed upon in the Central American presidents' agreement, as well as the presence of observers from the United Nations and OAS in Nicarauga during next year's elections.

President Bush announced that through an agreement with the U.S. Congress, a policy will be implemented toward Nicaragua and that $45 million for humanitarian aid will be given to the anti-Sandinists, approximately 14,000 of whom are in Honduras.

The Nicaraguan statement points out that anti-Sandinist military leader Enrique Bermudez says that 3,000 "contras" are in Nicaraguan territory, which means that "they are still murdering women, children, and elderly people and destroying Nicaragua's countryside."

Havana on Government Position

PA2603015389 Havana International Service in Spanish 0041 GMT 26 Mar 89

[Report by Antonio Santana on statement by Manuel Espinoza, information and press minister, from Managua, Nicaragua; date not given]

[Text] The Nicaraguan Government has demanded that the U.S. Government respect the agreements signed by the Central American presidents in El Salvador. The agreements state that the contras, located in Honduras, must be demobilized and relocated within 90 days. The Nicaraguan Government's statement was released after George Bush's administration and the U.S. Congress agreed to give the contras $40 million to remain in Honduras until February 1990, thus maintaining its support for the criminal Somozist actions. Manuel Espinoza, Nicaraguan information and press minister, read the Nicaraguan Government statement.

[Begin Espinoza recording] The agreement signed by the Central American presidents clearly and categorically states that the contras must be disbanded in accordance with a plan that the presidents will implement no later than 14 May. Likewise, the Central American presidents have rejected on grounds of illegality, and because it goes against the interests of regional peace, all types of aid for the contra mercenaries. The only acceptable aid would be that given for their demobilization, voluntary repatriation, or relocation.

We would like to be able to say that the bipartisan declaration on new aid for the contras is also clear and categorical. However, this is not the case. The declaration is a typical example of the ambiguities and contradictions that are unavoidable when documents are drafted by a committee.

We know that this type of bipartisan agreement was precisely what the U.S. Government thought necessary to save face while it proceeded to dismantle its failed policy against Nicaragua's sovereignty and integrity. The Nicaraguan Government does not care if the U.S. Government

wants to declare itself the winner. Quite the contrary, we invite them to do so as long as they change their policy toward Nicaragua, adjusting it to the guidelines of civilized coexistence as established in international law, desist in their threats and use of force against Nicaragua, respect our people's right to self-determination and independence, and begin the process of normalizing bilateral relations between the United States and Nicaragua.

We have said many times before and we repeat today: Correcting a mistake, far from being a sign of weakness, is a sign of strength, of spiritual strength and confidence. If, as a result of a real correction of U.S. policy toward Nicaragua, peace is achieved, then we will all be winners, and we will all be able to consider ourselves winners—even the United States. Despite these serious problems, the Nicaraguan Government will continue to advance firmly in its struggle for peace and toward perfecting democracy in Nicaragua. [end recording]

More on Government Reaction

PA2703124889 Managua Radio Sandino in Spanish 1200 GMT 27 Mar 89

[Text] The Nicaraguan Government has demanded that George Bush's administration rectify its position of ignoring the will of Central America by granting financial aid to the counterrevolutionaries stationed in Honduras through a bipartisan decision.

An official statement released in Managua asserts that the latest bipartisan agreements in the United States regarding the counterrevolutionary groups violate the commitment made by the Central American vice presidents [as heard]. During their (?meeting) on 13-14 February in El Salvador, the Central American heads of state pledged to draw up a plan by 14 May to dismantle the contra groups in Honduras.

However, it was announced in Washington that Democrats and Republicans have reached an agreement with the Bush administration to supply approximately $4 million [as heard] in financial aid to the contras until elections are held in Nicaragua next February.

The Nicaraguan statement says (?this) contradicts the will of the Central American heads of state and that Nicaragua rejects, as illegal and contrary to peace, any type of financing for the contras other than that needed to demobilize, repatriate, or relocate them.

RN's Cesar Comments

PA2503032989 Madrid EFE in Spanish 0217 GMT 25 Mar 89

[Text] Miami, 24 Mar (EFE)—Anti-Sandinist leader Alfredo Cesar said today that the bipartisan U.S. agreement to provide humanitarian aid to the contras is "highly positive," because the consensus that was needed throughout the years has finally been achieved, which gives evidence of a stable U.S. policy.

Cesar noted that the Bush administration's announcement on the bipartisan effort to continue to grant millions in economic aid to the Nicaraguan Resistance (RN) sends "a message to Moscow, Havana, and to the Sandinists that the United States is seriously determined to promote a diplomatic solution in Nicaragua and not to allow the Sandinists' promises to go unfulfilled."

The Nicaraguan engineer, one of the seven members of the RN Directorate, told EFE that the agreement by consensus is also "highly positive" for the Central American democracies and opposition groups that have been promoting regional peace plans.

Regarding President Bush's statement that with the aid agreement announced today "the insurgent forces have the right to return to their country," Cesar said that the U.S. President thereby expressed his support for the idea behind the agreements signed by the Central American presidents in El Salvador.

He said that President Bush made it clear today that he supports the reintegration of those forces into Nicaraguan society and "not the disbanding of those forces to other countries," and that he supports a voluntary return to their country. Regarding the demobilization of the anti-Sandinist forces, he said that this will be carried out to the same extent that the Managua government "carries out the democratic reforms that will make demobilization feasible." However, Cesar added, this will not be a forced demobilization.

Japanese Envoy Says No To Canal Support

PA2403160089 Managua LA PRENSA in Spanish 20 Mar 89 pp 1, 8

["Text" of letter sent by Japanese Ambassador to Nicaragua Yoshizo Konishi to LA PRENSA President Violeta Chamorro, dated 17 March]

[Text] Mrs Violeta B. de Chamorro, president and general director of LA PRENSA, Managua
Dear Mrs Chamorro:

I am pleased to write to you to most emphatically refute the statements made by Professor Yasunobu Somura, a member of a group of Japanese technicians now visiting Nicaragua, published in a Managua newspaper affirming that "his country's (Japan) government is not backing another canal through Panama, and that he believed it was concentrating on a canal through Nicaragua, although this has been halted." He added that the group visiting our country (Nicaragua) maintains contacts with the Japanese Government through the embassy and by other means.

Since the statements attributed to Mr Somura are completely false and helped to increase confusion on the subject, I request that you publish this letter in the prestigious newspaper under your direction to let the people know once and for all the Japanese Government's

official position on this much publicized project to construct an interoceanic canal through Nicaragua, which can be summarized as follows: The Japanese Government does not have the slightest intention of cooperating in a project to construct a canal through Nicaragua because the Japanese Government is cooperating with the U.S. and Panamanian Governments on the Tripartite Commission to study alternatives to the present Panama Canal.

I hope I have clarified the Japanese Government's position on this subject and that it has in no way maintained relations or contacts with the group to which Mr Somura claims to belong.

Thanking you in advance for your attention to this letter, I take this opportunity to express my highest consideration and respect.

Yoshizo Konishi, ambassador of Japan

Nicaraguan Official on Country's Situation

AU2403170789 Prague RUDE PRAVO in Czech 23 Mar 89 p 2

["Pos"-signed report: "On the Situation in Nicaragua"]

[Text] Prague (Our Correspondent)— Marta Lucia Cuadro [name as published], chairwoman of the Nicaraguan Friendship Council for Friendship, Solidarity, and Peace, which has been newly established in that country, provided information about the current difficult situation of Nicaragua at a get-together arranged by the Czechoslovak-Nicaraguan section of the Czechoslovak Association for International Relations on Wednesday [22 March]. She stressed that as a consequence of the aggressive actions and comprehensive pressure by American imperialism, which funds the Somozist mercenaries, the economic situation has been steadily worsening. The country is currently unable to realize its demanding development programs, because it must expend all its resources on at least partially controlling the crisis in the economy and for the survival of the democratic regime of the Nicaraguan revolution.

The Nicaraguan comrades stressed the current effectiveness both in the economic and social spheres.

Panama

Noriega on Relations With U.S., Elections

PA2603140489 Madrid EFE in Spanish 1117 GMT 26 Mar 89

[Text] Madrid, 26 Mar (EFE)—In an interview published today by the magazine "BLANCO Y NEGRO," Panama strongman General Manuel Antonio Noriega said he will not give up the leadership of his country because "God—the cosmic conscience—is with me."

Noriega discussed the conflict he is facing with the United States in the interview. He claimed to have his people' s support, and, therefore: "No one will tell me when I must go."

Noriega said Panama's relationship with Washington "is abnormal and so ridiculous it makes me laugh," adding that he did not understand how "a nation that is a champion of democracy and that has been our ally since 1904 [as received] is capable of maintaining such an aggressive position (toward Panama)."

Noriega, who has been accused in the United States of drug trafficking, among other things, referred to a possible U.S. military intervention in Panama to force him to step down by saying: "They may kill many of us, but they know that they, too, will fall."

Noriega said the problem with Washington began "when John Poindexter (former national security advisor under Ronald Reagan) asked me for the use of an island to provide supplies for the Nicaraguan contras. He was so angry at my refusal that he actually broke his pipe on the table where we were holding our conversation."

Noriega added that Michael Dukakis, Democratic Party presidential candidate in the last U.S. elections, asked him for his collaboration against election winner George Bush, but "I did not take sides against anyone."

Noriega added that he believes the conflict between Panama and the United States must be overcome by "the stronger country giving in to the weaker one, because if the weaker one were to give in, it would end up being a doormat."

Noriega said he hopes the Panamanian elections, which will take place on 7 May between progovernment National Liberation Coalition candidate Carlos Duque and opposition Civic Crusade coalition candidate Guillermo Endara, will proceed normally.

Noriega rejected the opposition's request for the participation of foreign observers in the election process, because "these observers would represent disrespect for the Panamanian people's lifestyle."

Noriega, who in 1988 withstood pressure from the United States to relinquish power, said that Panama still "suffers from a persistent economic aggression." He added that the people have managed to continue "coexisting rather well" in spite of the country's difficulties.

Noriega Calls for End to 'Hatred' in Campaign

PA2403142889 Panama City MEDIODIA in Spanish 23 Mar 89 p 11

[Text] Panama Defense Forces [FDP] Commander General Manuel Antonio Noriega has recommended that political parties try to avoid sowing hatred among Panamanians.

The FDP officer made this statement in a recent telephone interview with Radio Chiriqui, after listening to statements by Ricardo Arias Calderon, vice presidential candidate of the Civic Democratic Opposition Alliance (ADOC).

"I recommend that all candidates, both opposition and government, put a smile on the campaign, so it will not be bitter and hate-filled, because hate does not produce anything," General Noriega said.

Hate is like a desert where nothing grows, Noriega said. He added that he was directing this recommendation to opposition candidates, who should "be more Christian and smile more."

COLINA on Opposition's 'Offensive' Campaign

PA2303225889 Panama City MATUTINO in Spanish 23 Mar 89 p 15

[Communique issued by the National Liberation Coalition, COLINA, Defense Committee; date and place not given]

[Text] We are deeply concerned with the way our political caravans are obscenely attacked. Participants, who have hoisted the red, white, and blue flag with full dignity and who are looking toward the year 2000, are insulted and called "traitors."

The seditious movement that started in Panama in June 1987 insists on using offensive methods during this election campaign and attack men and women who work for freedom and their property. If it is a matter of pointing out traitors, we would have to top the list with the names of leaders of a reactionary crusade who, in the name of democracy, stir hatred among brothers and who, to impress the electorate, have no qualms about destroying vehicles and throwing stones and threatening peaceful citizens.

According to reports received at COLINA's headquarters, the same methods are being used in the interior. A terrorist commando unit, backed by the Christian Democratic Party, has as its only goal to sow panic in the country. We must state—and will do so only once—that we do not fear the attacks and threats of the seditious sector, which now appears under the guise of the elections but which previously attempted a coup d'etat.

We will continue to directly stay in touch with the Panamanian majorities, and to do so we will pound the pavement, block by block and house by house.

Our strategy is to constantly advance. The perpetrators of violence will be defeated again in the final reckoning. We have given ourselves the historic mission of rescuing our national sovereignty and continuing the Torrijist reforms; this mission will not be deterred. The road to accomplishing this mission is full of sacrifices, and we are committed to confronting the oligarchic turncoats who persist in leading the country backward to an era of unreality, privileges, and servants.

Defense Committee
National Liberation Coalition
COLINA

Solis Palma Meets With Public Sector Workers

PA2403043589 Panama City Televisora Nacional in Spanish 2300 GMT 23 Mar 89

[Text] Manuel Solis Palma, minister in charge of the Presidency, has begun talks with the public sector to help make his views on the national situation better known. Education Minister Rolando Murgas Torrazza, Education Vice Minister Professor Juan Bosco Bernal, and National Education Director Professor Roberto Masaya attended Solis Palma's first such meeting with Education Ministry workers.

In speaking with Education Ministry officials, Solis Palma said that since 1968 the government has instituted many health, education, and housing programs. After admitting that the government has made some mistakes in the past, Solis Palma said that despite this, the country is nearing the elections, which will require the cooperation of all Panamanians. He said that there is more at stake in these elections than a change of presidents. Panama itself, he asserted, is at stake. Solis Palma added that the elections are the only answer for those who believe that Panama should not be another star in the U.S. flag.

Religious Leaders Call on U.S. To End Sanctions

PA2303193089 Panama City ACAN in Spanish 2547 GMT 23 Mar 89

[Text] Panama City, 23 Mar (ACAN-EFE)—Panamanian Catholic Archbishop Marcos McGrath and South African Anglican Desmond Tutu called today on the United States to lift its sanctions against Panama. They also asked the Panamanian Government to allow international observers to be present at the 7 May elections.

McGrath and Tutu made these requests after a meeting between Panamanian Catholic prelates and an Anglican Church mission, headed by Tutu, that is making a 3-day pastoral visit to the isthmus this week.

Ending their visit to Panama, the Anglican delegation announced it will insist that the U.S. Government suspend the economic and financial sanctions imposed on Panama more than a year ago. These measures where imposed to exert pressure on General Manuel Antonio Noriega to be ousted as Panama Defense Forces commander.

In exchange, the Anglican mission has asked the Panamanian Government, headed by Manuel Solis Palma, and Gen Noriega to suspend restrictions on media that was closed down more than a year ago and allow international observers to attend the upcoming 7 May elections.

McGrath pointed out that the economic sanctions have increased the country's crisis and poverty. He noted previous requests for the White House to suspend these measures have had "courteous replies but have not been effective."

The archbishop also stated that the Panamanian Government's approval of Desmond Tutu's proposal for foreign observers will allow the upcoming elections to have "more acceptance" in and out of the country.

Panamanian opposition leaders have insisted on the need to have a larger number of international observers at the upcoming elections, while Solis Palma and other government officials have stated that only persons who are officially invited to be observers will be accepted as such.

McGrath praised Tutu's mission and asked the political parties participating in the present election process to stop using personal attacks in their campaigns. He stated these attacks do not contribute to the climate of reconciliation the country requires during these difficult moments.

Two political alliances are contesting for the Panamanian Presidency: the National Liberation Coalition (COLINA), composed of eight progovernment parties, and the Civic Democratic Opposition Alliance (ADOC).

Arias Wants 'Concerted Efforts' With Military

PA2303230189 Panama City ACAN in Spanish 1812 GMT 23 Mar 89

[Text] Panama City, 23 Mar (ACAN-EFE)—Ricardo Arias, president of the Christian Democratic Party [PDC] and ADOC [Civic Democratic Opposition Alliance] candidate for vice president, has said that "frank, concerted efforts must be made between civilians and military personnel" to ensure that the 7 May elections are "legitimate and democratic."

These concerted efforts, he added, should be aimed at "reaching an agreement on a new professional and constitutional role for the security forces," and on the retirement of Panama Defense Forces Commander General Manuel Antonio Noriega "by establishing a limited term for this position that no military leader should exceed."

Arias made these statements before a group of PDC youths. He commented on the Panamanian elections process that will culminate with the 7 May elections and on his proposals for "reconstruction and reconciliation" among Panamanians.

This is the first time that the PDC president and ADOC vice presidential candidate has talked about possible concerted efforts between civilians and military personnel to end the crisis that has been afflicting Panama for the past year.

The Panamanian politician said that without "legitimate" elections the crisis will not be solved and without concerted efforts between civilians and military personnel "genuine elections will be jeopardized and no solution will be lasting or feasible."

Arias pointed out that rebuilding the country will require democratizing the nation's institutions, reviving the economy, and "regaining national dignity."

Among other things, he called on the security forces to respect civilian authority but also called on civilian authorities to respect the "professional duties and institutional integrity of the security forces."

In regard to rebuilding the country, he demanded respect for private property in a market economy and respect for labor rights and private enterprise.

In these elections, the ADOC will face the National Liberation Coalition (COLINA), an election bloc of eight parties that support the government of Manuel Solis Palma.

Paredes Denies Attacking PDC Arraijan Office

PA2403141589 Panama City Televisora Nacional in Spanish 2300 GMT 23 Mar 89

[Report by Ivonne Olaciregui]

[Text] Professor Rigoberto Paredes has denied accusations made by members of the PDC about events that occurred at a PDC office in Arraijan on 22 March.

[Begin Paredes recording] I want to reply to the PDC's shocking claim that we attacked a PDC office in Arraijan. That is totally false. The PDC has been trying to fool Panamanians with a defamatory campaign, with a campaign of lies, to create the right conditions for destablization and disorder, and, in the end, to halt the elections by asking for U.S. Army intervention with the excuse of protecting the canal. The PDC carried out the attack themselves.

There is a resolution—I do not know if the camera can focus on this—issued by the National Liberation Coalition directorate in Chorrera supporting our leaders here in Arraijan in response to this lie. We hold Ricardo Arias Calderon, Willie Cochez, Raul Ossa, and Lenin Sucre reponsible for all the disturbances they are trying to provoke here in Arraijan. They are trying to get votes for a campaign that is already dead. [end recording]

Arraijan Mayor Alberto De Santis discussed this topic:

[Begin recording] We want to tell the people of Arraijan and Panama that we are peace loving. We love the Ministry of Public Works, and we have faith that Carlos Duque will be this country's next president—whether the gringos like it or not. Carlos Duque will be president, as we have already demonstrated in Arraijan. [end recording]

Opposition Leaders on Vote Count Procedures

PA2403150589 Panama City Circuito RPC Television in Spanish 2300 GMT 23 Mar 89

[Text] [Christian Democratic Party official] Ramon Lima has stated that the results of the 7 May presidential election could be announced that day:

[Begin recording] I believe it is possible we could have the results of the presidential election around midnight. It will take more time to get the results of the legislative elections because those ballots are more complicated to count. My estimate is that the election results could be available by midnight—first the presidential results, and then the legislative results. [end recording]

Ruben Dario Carles, a businessman [and National Liberal Republican Movement leader], also commented on this:

[Begin recording] This is a country that prides itself on having made progress and of having established over the years a road network and a nationwide communications network: telegraph, telephones, microwaves, television, and computers. For this reason, it is strange and suspicious that the Electoral Tribunal is insinuating that the vote count will take more than 1 day. This would be completely unacceptable.

By not fooling around with the results and by reporting them as soon as possible, it can be guaranteed that the vote count will be clean and the results trustworthy and honest. [end recording]

Duque Derides Opposition Campaign Promises

PA2403202589 Panama City Circuito RPC Television in Spanish 2300 GMT 22 Mar 89

[Text] Carlos Duque, president of the PRD [Democratic Revolutionary Party] and presidential candidate of the COLINA, has described as demogogical the opposition's claim that only they can bring democracy to Panama.

He added: It is demagogical because there would be no elections on 7 May if we had no democracy; it is demagogical because no other system would have allowed the abuses of democracy committed by the opposition parties, which are now trying to hide their true colors. As for the opposition's doubts about an economic revival, Carlos Duque, who describes himself as a true believer in free enterprise, said that if he wins the elections, he will take steps to revive the national economy that would include the participation of all groups for the benefit of all Panamanians.

The COLINA candidate called on all Panamanians to reflect, as the spirit of Holy Week takes hold of us, on ways to ensure a dignified and sovereign fatherland.

Paper Says Politicians Disobeying Media Law

PA2403232289 Panama City CRITICA in Spanish 23 Mar 89 p 5

[From the "Scoops" Column]

[Text] Now that Romerito [Luis Romero] Villalobos is heading the Government and Justice Ministry's Media Directorate, it would be good if he demanded compliance with existing legislation regarding the activities of radio newsmen and commentators.

It is uncomprehensible that a large number of politicians who are candidates for elected posts are using commentary programs as if they were newsmen or commentators.

This is a flagrant violation not only of Media Law 67, but of all the decrees that exist on radio broadcasting.

It is necessary to put an end to what is happening on Radio Guadalupe and La Voz de Panama, stations owned by Fernando Nunez Fabrega, on which legislators Justo Cortez, Mario J de Obaldia, and others speak, to give just a random sample. They are legally prohibited from acting as radio commentators.

The behavior of [Christian Democratic Party, PDC, Secretary General] Guillermo "Willi" Cochez and [PDC Vice President Carlos] Arellano Lennox is also immoral because these men hide behind a radio commentator's license that the Government and Justice Ministry should never have given them because they are not professional journalists or broadcasters; they are simply politicians who have infiltrated the media.

The Panamanian Journalists Union should not remain silent on this activity, which should have been reported long ago.

Let them not say now that this is "freedom of expression," because what they are doing is trampling upon the rights of the true communications professionals who have to suffer this legalistic monstrosity, misunderstood by those who look the other way and who become silent and cowardly accomplices in these acts of aggression against the journalism and broadcasting professions.

This column publicly challenges Media Directorate officials to demand that radio station owners—especially Numez Fabrega, who is the worst offender of this legal misinterpretation—obey the law.

Let the law be applied equally, without preference. Let anyone who violates it be punished, for we cannot continue to permit this licentiousness with the feeble excuse about "freedom of expression." Tell that to someone else.

Journalists Comment on Political Situation

PA2503042689 Caracas EL UNIVERSAL in Spanish 18 Mar 89 p 1-9

["Panamanian Page" column by Diogenes de la Rosa; first paragraph is EL UNIVERSAL introduction]

[Text] The Panamanian Page is written, on a weekly basis, by Panamanian journalists to fight the censorship imposed by Noriega's current regime. These journalists cannot sign their names because they would run the risk of reprisals and arrests by the regime. The coordinator in this journalistic effort is Diogenes de la Rosa.

The Power of the Vote

In every democracy, an election is the way to bring about the changes desired by the people by virtue of their inalienable right to self-determination.

The vote is precisely what gives a government the moral and political authority it needs because it represents the wishes and will of the majority, while, at the same time, it represents the people's rejection of all forms of power exceeding the rights of the people and attempting to impose on them the will of a minority.

While representing a right by which each individual participates in the decisionmaking process, voting is also is a duty, a responsibility to the country and an expression of optimism for the survival of basic human rights.

In situations such as the one experienced in Panama, the vote is the people's weapon with which they can fight tyranny. Only by burying the regime under a landslide of votes can the Panamanian people combat the dictatorial regime that has been in power for more than 20 years and which has led the country along the path of despair and misery.

Therefore, every citizen wishing a return to democracy must cast his or her vote on 7 May, because voting represents a powerful weapon with which the people can defeat the dictatorship and put an end to the military regime that degrades the homeland.

The Opposition United, a Clashing COLINA

More than 250,000 people took to the streets of Panama City in support of the opposition political parties in the first massive event in the election campaign. Repudiation of the government was also present.

Panamanians of all ages and social classes were present despite the fact that transportation, controlled by the regime, came to a standstill in city streets hours before the march began.

For the government supporters, this march represented a strong blow, especially since they know that they, COLINA, is incapable of drawing even 75 percent of the total number of people who marched on Thursday, 2 March.

No incidents occurred during the opposition march despite attempts by ruling party members to provoke the marchers and despite the presence of paramilitary members armed with submachineguns.

COLINA spokespersons expressed concern over the large turnout to repudiate Noriega, [Manuel] Solis Palma, and the 20 years of government that have turned Panama into a country where poverty is quite evident. They added that while the opposition shows unity, "we are destroying one another," and while some people are trying to unite us, others are working for their personal gains.

COLINA Confronts Internal Problems

The Democratic Revolutionary Party (PRD) is negotiating the hiring of foreigners to direct COLINA's political campaign in light of what has been described as incompetence on the part of campaign manager Ernesto Perez Balladares.

Perez Balladares held several important posts in the Torrijos and Noriega governments, but his name was taken off the list of presidential candidates in 1984 and again in 1989. His resentment has led him to boycott COLINA's political activities.

Despite all the government resources being devoted to the campaign, the people involved, and the organization and development of political activities, the campaign has proven a total failure.

COLINA boasts that it has thousands of members among the eight parties that comprise the coalition; however, they have been unable to draw big crowds to any of the locales in the capital city or the interior, where they have held a political event.

Internally, there are very strong divisions. The parties that comprise COLINA are fighting each other for positions and they are not supporting one another; and we are not talking about the campaign funds that on occasion have disappeared or were used for other purposes.

Presidential candidate Carlos Duque and first vice presidential candidate Ramon Sieiro have used much of their own money, obtained from their private business with the state, to promote their political campaign outside their political parties and the coalition.

They are uselessly trying to correct COLINA's lack of organization by hiring a new campaign manager. Spokespersons for the coalition have said that COLINA is willing to pay a minimum of $3 million to the advertising agency that will handle Carlos Duque's campaign.

Air Panama Begins Flights to Havana

PA2403152589 Panama City Circuito RPC Television in Spanish 2300 GMT 23 Mar 89

[Interview with Adsinar Cajar, chairman of Air Panama's Board of Directors, by unidentified reporter in Panama City; date not given—recorded]

[Text] [Cajar] Obtaining a second plane means that Air Panama has normalized the frequency of its flights to Mexico City, Bogota, Caracas, Quito, and Lima. I wish to announce that as of today we are starting flights to Havana. We will fly there on Wednesdays and Saturdays at noon. We urge all our friends who want to visit Havana, Cuba to fly Air Panama. We will continue to offer the same service that has always characterized Air Panama.

[Reporter] How close is Air Panama to normalizing its operations?

[Cajar] Our U.S. flights are still blocked. Our Miami route was our most important one. That is the only thing missing to normalize Air Panama operations.

Free Zone Trade Improves in February

PA2403162289 Panama City CRITICA in Spanish 23 Mar 89 p 2

[Article by L.U. De la Rosa]

[Text] Despite the serious crisis the country has experienced for more than a year—for reasons we are all well aware of—trade at the Colon Free Zone has continued to show considerable strength, as proven by the following figures.

According to reports supplied by the Planning Directorate, in February there were transactions worth a total of 332.9 million balboas, a 4.5-million balboa or 1.4-percent increase over the figures for February 1988. In February 160.2 million balboas were spent on imports and 172.7 million on re-exports.

The renewed strength brought to the Free Zone by General Manager Veyra Remon has clearly and positively contributed to the achievements marked by these figures.

Argentina

Sourrouille on Foreign Debt, Brady Plan

PY2503142889 Buenos Aires TELAM in Spanish 1038 GMT 25 Mar 89

[Excerpts] Buenos Aires, 25 Mar (TELAM)—In a long interview published in the PAGINA 12 daily newspaper today, Economy Minister Juan Vital Sourrouille admitted that "I know very well that I have made mistakes and that self- criticism is necessary," but "I completely disagree" with the figures on increased unemployment and underemployment, accumulated inflation, depressed real salaries, and reduced GDP per capita.

The minister emphasized that since he became economy minister "no one is taking issue with basic guidelines that were laid down for the economy, such as integration with the world economy, openness in public management, the nature of the difficulties affecting our economy, and the need for deregulation of our economy."

In making an analysis of how the government has handled the foreign debt problem, Sourrouille said: "We have maintained continuous negotiations with our creditors and have established a style of relations in which unilateral attitudes never prevail. It is true that our creditors are not very happy with the fact that I have not made some payments, but it is also true that the situation has been kept within limits that are well known to us and our creditors."

He denied that the country is in a state of practical moratorium, adding: "We have always contended that as long as the approach to the foreign debt problem is not changed, the best solution is for us to pay part of the interest and for the creditors to finance the other part."

He explained that "this is a half-and-half proposition. Although we have not yet reached an agreement on how the creditors will finance their part of the interest that fell due in 1988 and so far this year, this does not mean that we have broken apart." [passage omitted]

Referring to the new proposal by U.S. Treasury Secretary Nicholas Brady regarding the Third World foreign debt, Sourrouille affirmed: "We have been clamoring for a change of approach to the foreign debt issue. This change has now been proposed, and the debt reduction is an acceptable change."

Sourrouille added: "It took 4 years to convince creditors the current situation is at odds with development needs. This has now been recognized, and debt reduction moves are being advised. Unfortunately, the moves are not stated very clearly." [passage omitted]

Vice President Martinez Leaves for PRC

PY2603010289 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0025 GMT 26 Mar 89

[Text] Buenos Aires, 25 Mar (NA)—At the invitation of the PRC Government, Vice President Victor Martinez left for the PRC tonight on a 10-day visit.

The vice president, who left Ezeiza International Airport at 2100, will meet with PRC Vice President Wang Zhen, after visiting the "forbidden city," where the old imperial palace is located.

Martinez will also meet with Vice Foreign Minister Zhu Qizhen and State Council Vice Premier Wu Xueqian.

During his visit to the PRC, Vice President Martinez will visit Beijing, Xian, and Ming Han [as received] in the important port of Shanghai.

* Alfonsin on Interest Payments on Debt

33480136c Buenos Aires CLARIN in Spanish 6 Mar 89 p 3

[Article: "Alfonsin's Message to Creditor Banks: Debt Payments Will Not Be Resumed Without New Credits"; first paragraph is CLARIN introduction]]

[Text] In a message intended for the creditor banks, President Alfonsin gave notice that Argentina will not resume interest payments on its debt—now 90 days overdue—if it does not obtain new credits. "We shall continue using our reserves to meet our import needs," he said. He confirmed that the present economic team and policy will remain in place.

"To meet our interest payments, we must have the help of the creditor bank. We are prepared to use part of our reserves to meet our obligations, provided the creditor bank is also willing to meet us part way. Otherwise, we will proceed in accordance with our decision to use our reserves for our import needs to meet the growth requirements of our national economy," President Raul Alfonsin said last night. In other words, Argentina will not resume interest payments on its debt unless the creditor banks grant it new credits.

Alfonsin chose the inauguration of the 4th World Conference on Soya Research, organized by the Buenos Aires Grain Exchange on its 135th anniversary, as the occasion for an extemporaneous speech lasting one-half hour, during the first part of which he endorsed "totally" the economic team headed by Juan Sourrouille and the financial and exchange policy lines currently in effect.

Continuing, the president said that, availing himself of the presence of "persons from other latitudes," he would like to "say a few more words," at which point he addressed the issue of the Latin American external debt in general and that of Argentina in particular.

1 Billion U.S. Dollars

"I want to tell you that in Latin America we are in the midst of a grave problem. By the end of this decade, unless there are changes in the mechanisms for payment of our external debt, we shall have transferred $200 billion. And this is a major absurdity in a continent weighed down by disadvantage and poverty," said Alfonsin.

The president added: "There is a set of decisions made externally, over which the countries of the region exert neither control nor influence. Consider the fact that with this increase in international interest rates, Argentina, by a stroke of the pen, suddenly finds its interest payments increased by more than $1 billion. Thus, a single decision wipes out the fruits of the savings and of the efforts of these impoverished democracies."

He then addressed Argentina's stalled negotiations with its creditors, who are demanding payment of interests in arrears totaling over $2.3 billion, while Argentina is asking for fresh funding in a slightly higher amount.

It was at this point that the head of state delivered his message to the creditors: That he is linking resumption of interest payments to the granting of new credits.

"In 1918, at the end of the First World War," he said, "the victors pressed a very hard bargain in their demands and thus triggered the incubation of dictators among the vanquished. But in 1945, the victors displayed generosity and there was a Marshall Plan and other assistance, and thus were born the flourishing European democracies. Latin America is the world's only developing region with a growing democratic process. The risk of a return to anachronistic structures must be avoided." Pressing his point to its conclusion, he added: "There can be neither hemispheric security nor universal peace without concrete forms of universal fairness. Betterment of the quality of life of some people must not be at the cost of degradation of the quality of life of other people. Be our ambassadors and carry that message."

'The Crew Remains'

In the course of his remarks, Alfonsin asserted that he has kept the promise he made in July before the Buenos Aires Commodities Exchange, to the effect that by the year's end, monthly inflation would be down to a single digit. "In January it was a single digit, and in February it will again be a single digit," he said.

He stated that when, under the Primavera Plan, a free exchange market was established, with provision for official intervention, "at no point was there any talk of a guaranteed rate." And he went on to explain the government's decisions of 6 February doing away with asking prices and retaining only bid prices for exchange.

"We had to do this to safeguard our anti-inflationary program and the workers' real wages, to safeguard organized coexistence, and to safeguard the soundness of our objectives. We will not give up this position. We will not change either our course or our crew. The sooner the markets understand this, the sooner they will settle down and interest rates will come down," said Alfonsin.

Overview of External Situation

The critical situation on the external front to which Raul Alfonsin referred can be summarized as follows:

- Argentina has accrued unpaid interest totaling over $2.3 billion.
- The recent increases in international interest rates have increased the forthcoming interest payments due in 1989 by some $1 billion, while the drought has drained off the Argentine trade surplus.
- Argentina was paying in installments of $100 million pending the concluding of future agreements with its creditors, but suspended these payments as of some 90 days ago.
- Argentina applied to its creditor banks for "fresh funds" in the amount of over $2.5 billion, but there has been no agreement either as to the sum or as to terms and conditions; nor has there been any agreement with the International Monetary Fund as to "standby" loan.
- To this has been added the World Bank's decision to defer the disbursement of two structural adjustment credits.
- The Inter-Agency Country Exposure Review Committee (ICERC), a U.S. intergovernmental group, is currently holding consultations to determine whether Argentina, whose credit rating has already been reduced to substandard—delinquent debtor—will soon suffer further sanctions. And various members of the steering committee are already in agreement. The ICERC is to meet again around mid-month.

* Menem on Business Prospects Under Peronism

33480123a Buenos Aires MERCADO in Spanish 26 Jan 89 pp 24-26, 30-31

[Interview with Peronist presidential candidate Carlos Menem by Ruben Mattone in Punta del Este, Uruguay; date not given]

[Excerpt] [Passage omitted] This exclusive interview with MERCADO is must reading for anyone who wants to know what lies in store for business under a potential Justicialist government.

[MERCADO] What do you think of the current business leaders?

[Menem] Our country possesses an extremely capable and perceptive business leadership, both in large corporations and in small and medium-sized production units. To take appropriate advantage of the available human

potential we need to design an economic policy based on coherent ground rules and put it into practice with a systematic and stable strategy over time.

[MERCADO] What concerns are you hearing from them and what signals are you sending them about the business policy of a future Peronist government?

[Menem] The main concerns center on the both economic and legal instability and insecurity that characterize the exercise of production activities today because of the sudden turns in governmental policies. Our message is based on an approach that defines itself as a "productive revolution." In practice this implies wide-ranging participation, a desire to actively mobilize the available human and material resources, in short, giving priority to production.

[MERCADO] Above and beyond the clear and stable ground rules that everyone is calling for as a requirement, what specifically will be the new framework for business that the businessman farmer, the industrialist, the builder, the automotive-industry man will see?

[Menem] Businessmen will find under our government a coherent framework for achieving their objectives, as long as they are compatible with the policy of sustained growth that we must put into practice. Our strategy is based on flexibility, a reduction of bureaucracy, appropriate regulation and stable ground rules. Our intention is to attach greater importance to productive efforts and venture-capital investment in a context of wide-ranging participation by the various sectors.

[MERCADO] Do you think that after the ups and downs that businessmen suffered in recent years they are prepared to readily make a spontaneous and self-sacrificing contribution to the country's growth?

[Menem] Without question the failures that have marked the recent years of economic policy will condition future decisions. We are convinced that the conditions exist to reverse the current trend. To that end, we are not calling for a spontaneous and self-sacrificing contribution by business; we are calling for joint action by all sectors to mobilize the available production potential.

[MERCADO] Do you think that businessmen are confident when they are told of big wage hikes, a moratorium on foreign-debt interest payments, a new framework for social-benefits legislation, etc?

[Menem] The confidence of the businessmen who produce and invest in the country is based on the long-term consistency and stability of economic policy. Everyone knows that seeking short-term stability by intensifying deep future imbalances will not help to reverse our economic difficulties. We are saying clearly, and business understands this, that wages cannot remain an adjustment variable. The current distribution of income is not only unjust; it is also inadequate to get production moving. Accordingly, we are proposing a program that involves shoring up wages in a context of a production recovery. Under the comprehensive strategy that we are proposing it is impossible to treat the debt problem differently. The solution cannot be based on the unilateral efforts of the debtor countries, as it has been so far. Joint responsibility in efforts will have to be the basic underpinning of our rescheduling strategy. Solidarity among the main parties involved, the governments of the debtor and creditor countries, unilateral lending agencies and international banks, will enable us to start down the path towards a real solution.

[MERCADO] Will you use tax rates to promote sector investments or, on the contrary, will you totally eliminate subsidies of any kind?

[Menem] I believe in regional and sector promotion, when applied properly and with a suitable ratio of fiscal effort to social benefits arising from the investment. This issue will fit in with the tax reform that will be set in motion and that will be marked by its simplicity and by a reduction in evasion. In my term as governor of La Rioja I substantially increased industrial output, moving from 500 to more than 15,000 workers in the sector, by properly applying the production system.

[MERCADO] Could a Menem administration cut taxes on business profits and capital and on the overseas remittances of profits as a way of generating more business opportunities?

[Menem] It could. We plan to do so in the context of a clearer and more transparent tax system that will promote venture-capital investment.

[MERCADO] How will you bring in foreign investment?

[Menem] To this end we are preparing an entire battery of measures having to do with foreign investment, the remittance of profits overseas, problems of dual taxation, cutting down on the red tape for new projects, in short, a new approach to the issue. All of this, combined with a stable economic policy, will create a new dynamic for foreign investment.

[MERCADO] Cavallo, one of your strongest candidates for economy minister, said that the only way to boost wages sharply without an inflationary effect is to lower the budget deficit to zero. Do you think this is possible under a Peronist administration, especially bearing in mind that the unions will carry more weight in government decision-making and will have greater influence in the state-run enterprises?

[Menem] Our idea is to implement a strategy for the judicial sector that will enable us to lower the deficit substantially and, at the same time, have the support and involvement of the union sector. Our aspiration is to profoundly redirect government spending and make it

more efficient. Our objective is to cut superfluous spending drastically and, in so doing, to eliminate corruption. The involvement of private capital is a key element in the strategy and will help to make the goals of higher wages, greater efficiency and less government spending compatible. I should emphasize that Justicialism is particularly well-suited to this task because of its close ties to the union sector.

[MERCADO] Speaking of the deficit, how do you plan to finance it: by cutting spending or raising taxes? Don't you think that a law would have to be passed requiring its elimination over a given period, as the United States has recently done?

[Menem] What is needed is a combined strategy that entails lowering spending, boosting revenues through greater efficiency and reducing evasion. I don't think that making the tax burden heavier is appropriate. I am not ruling out the possibility of setting goals in this area through appropriate legislation.

[MERCADO] Give me the name of a successful Argentine businessman.

[Menem] There are many of them; consequently, it is hard to mention all of them, and it would be unfair to leave some out unjustifiably.

[MERCADO] Do you feel that you have the personality to head up a change of attitude and expectations among businessmen?

[Menem] Yes, without any doubt whatsoever.

[MERCADO] One key signal will be ethics and morality in public office, as society is calling for so loudly. What do you think happened with the current administration and what guarantees will Peronism offer, in the event it takes office, that it will manage public finances responsibly?

[Menem] Our objective is to reestablish the state on ethical and moral foundations. We want Argentina to be a country for big business by putting an end to shady business.

[MERCADO] Would you be willing to create a sort of Advisory Economic or Business Council to set guidelines for the future of business and investment in Argentina?

[Menem] We plan to put into practice the guidelines in General Peron's message to the Legislative Assembly on 1 May 1974. In brief, this means a social pact and wide-ranging participation by the production and labor sectors.

[MERCADO] What importance do you attach to private capital? Will business and profits continue to be bad words or will Justicialism give private capital a bigger push in a free economy in which it allows companies to operate without government protection?

[Menem] Legitimate profits and businesses have never been bad words to Justicialism. We are not thinking about an interventionist state. On the contrary, we assign it a guiding role within the framework of a democratic understanding and active participation by the different sectors.

[MERCADO] With what sort of people will you surround yourself for advice on this touchy issue? In other words, what sort of people will your economy minister, commerce secretary, industry secretary and president of the Central Bank be?

[Menem] I will select my colleagues on the basis of talent, competence, honesty and loyalty. I should not rule out a suitable dose of rational boldness.

[MERCADO] What are you ultimately going to do about the foreign debt? Are you going to refinance it or are you going to ask for a 5-year moratorium on interest payments?

[MERCADO] Our objective is to exhaust the negotiating mechanisms to avoid a confrontation that would be harmful to the country's long-range interests. This does not, however, mean concessions in terms of our objective of growth and just [income] distribution. We need a 5-year period without a net transfer of funds overseas so that we can give priority to growth. We hope that the creditors will understand and support us.

[MERCADO] Will the Central Bank be our representative vis-a-vis the international financial institutions in rescheduling the debt, or will Congress be the decision maker?

[Menem] Under the provisions of the National Constitution, Congress will have a key role in the task. This does not mean sidelining the Central Bank and preventing it from helping to achieve the best results with all of the means at its disposal.

[MERCADO] What do you think of the almost unconditional support that the U.S. Treasury has so far given to the debt negotiations that Argentina has undertaken and of the fact that more than once it has looked the other way when the country has not paid up? Do you think that a potential Justicialist government will get the same sort of support and that President Bush will show Argentina the same political consideration?

[Menem] So far the country seen its debt rise systematically, without corresponding growth. We hope to secure support to reverse this trend. Our objective is to meet our external commitments without additional sacrifices for the sectors that have been most neglected and within a context of growth in the supply of goods and services.

[MERCADO] Do you think that the new American president's suggestion that Japan be encouraged to lend more to the underdeveloped countries as a way of shoring up their economies is viable?

[Menem] This idea is already being put into practice in a way. Our country must prepare viable projects that will give us access to these lines of credit so that we can stop losing out on major alternatives for investment financing. The opportunity cost has so far been extremely high. We need only look at what is happening with the energy sector's infrastructure to get a complete idea of this cost.

[MERCADO] What will future relations between the Executive Branch and Congress be like? Will business have to intensify its lobbying in Congress or will good relations with Dr Menem suffice?

[Menem] Our idea is to pursue joint efforts. Social democracy is a broad concept, based on the involvement of the various intermediate entities in undertaking joint action to recover from the crisis.

[MERCADO] What economic problems are you obsessed with, indignant about and prepared to concentrate on correcting?

[Menem] My main obsession has to do with the possibility of developing the economic potential that the country possesses. In light of this, my indignations have to do with the extreme poverty and disadvantaged status that a high percentage of the population are faced with. Additionally, the exodus of our finest men and women, given the requirements of development, is an affront to our future.

[MERCADO] Under your economic plan how long do you think it will take you to control inflation and establish a solid foundation for economic growth?

[Menem] Turning around the difficult legacy that we will be receiving will take time. Yet we are confident that before very long the groundwork will be established for the social pact, which is the first step towards our productive revolution.

[MERCADO] Don't you think that the many unmet demands in society could be a major obstacle to undertaking this recovery? I'll mention just a few: the military, retirees, the most underprivileged...and as if this were not enough, the urgent need for investment in infrastructure, in energy for example. What will you do about all this?

[Menem] This is true. There are many varied restrictions on growth. Consequently, we need to establish strict priorities to rationally recommence the march toward development.

[MERCADO] Wouldn't you have to set up an Economic Emergency Council with the country's most prominent economists to find a solution?

[Menem] Our idea is to call for shared efforts and wide-ranging involvement in the various institutions that we plan to set in motion.

[MERCADO] What role will you assign to exports as a source of foreign exchange to meet our external obligations?

[Menem] Increasing exports is vital, and not just to meet our external obligations. Increasing our overseas sales must become one of the key elements in a strategy of sustained growth.

[MERCADO] Does the current exchange-rate lag scare you? Don't you think that it represents a difficult starting off point for you and poses the risk of having to repeat a "Rodrigazo" if Justicialism comes to power?

[Menem] The set of imbalances that are worsening in our economy worry me deeply; they represent a real time bomb for the next administration. The foreign and domestic debt, more people living in extreme poverty and disadvantaged conditions, the housing shortfall, obvious shortcomings in economic and social infrastructure, these are our harshest problems, and if they are not addressed, they could push the country towards chaos.

[Box, p 26] Menem and the Military: 'Understanding and Conciliation'

At one point in the interview MERCADO asked Carlos Menem for his opinion of Colonel Seineldin and about the military policy that Justicialism would pursue. This was his reply:

"Seineldin is an excellent soldier and a brave man, whom the president of the nation himself has described as a hero of the Malvinas. In this regard, I think that I should emphasize that above and beyond the erroneous decision by the commanders, we must vindicate the martyrs and heroes of an exploit in which our young soldiers gave more than enough examples of their sacrifice and daring.

"Our proposal is based on the implementation of the national defense law, seeking the full incorporation of the armed forces into democratic life. We will prevent them from being deliberative by clearly defining plans and programs based on realistic conflict scenarios. We will place emphasis on boosting the activity of the production sector for defense and seek to increase exports. Whereas Radicalism opted for confrontation with key sectors of national life, we want understanding and conciliation so that we quickly meet the requirements of a community that cannot accept being passed over again."

*** 1988-89 Grain Harvest Lowest in Decade**
33480135a Buenos Aires CLARIN in Spanish
25 Feb 89 p 17

[Report by Domingo Di Nucci: "Meager Argentine Harvest"]

[Text] Argentina's grain production is again below the forecasts made in early February. According to the report from the National Grain Board (JNG) dated 20

February, the overall harvest will total 28 million tons. This assessment differs from the Buenos Aires Grain Exchange's estimate of a 29.8-million-ton harvest. In any event, the volume of the 1988/89 season is the lowest of the past decade.

The JNG also estimates that exports of grains, oils and by-products will earn only $3.27779 billion instead of the earlier forecast of $5.6427 billion. In short, the difference between the current figure and the initial projections, which were based on acreage estimates and on world prices that had been rising because of the drought in the United States, is $2.36491 billion, which must be regarded as a loss.

Wheat is the only crop so far for which there are definite, accurate figures. The 3.7 million tons that were exported brought in $566.1 million, to which must be added another $33 million from the sale of by-products.

Soybeans

Soybeans are the surprise in the new, lower estimates. This oilseed, which it was thought would break all production records with close to 11 million tons, has seen its potential output drop to 7.5 million. In this regard, as of 20 February, there are two estimates: a maximum of 8 million and a minimum of 7 million. As a result, the JNG prefers to talk about 7.5 million tons.

Exports of soybeans stand at just 1 million tons, which means earnings of $275 million. Soy oil, with a volume of 0.95 million tons, is bringing in $375.25 million. The most financially promising category is by-products of the oil extraction. By-products, tofu and meals are bringing in $1.081 billion from overseas sales. Taken together, the exports of soy products total $1.73125 billion.

Last 13 September it was thought that this sector had a larger capacity to generate foreign exchange. Back then the estimates were that it would bring in $2.8445 billion.

The conclusion from all of the above is this: soybeans account for 53 percent of the foreign exchange entering the country from exports of grains and their by-products.

Corn

Something similar has happened with corn, the other major export. The September estimate of 10.3 million tons was cut to 5 million in late February. Unlike other grains, corn is exported almost exclusively as such, with a million tons earmarked for this purpose. In September, when the grain was planted, the expectation was that there would be a 6.3 million ton surplus for export. The decline has been more than 5 million tons.

As far as the capacity to generate foreign exchange is concerned, the September forecast of $787.5 million from corn exports has been cut back now to just $118 million.

The exporters of grains and by-products had put through the sales over the final months of last year. Consequently, the foreign exchange from meeting these commitments was brought in in due time.

There are currently no prospects that international traders will decide to make advances on exports, because the exchange risks are large and there is no merchandise to buy for the moment. Some even think that many exporters have brought in foreign exchange and have not yet gotten hold of the respective merchandise.

The country's grain harvest is the smallest of the past 10 years.

Bolivia

Labor Minister Calls COB Strike Ineffective

PY2503131389 La Paz La Red Panamericana in Spanish 1130 GMT 25 Mar 89

[Text] Labor Minister Alfonso Rueda Pena has stressed that the recent strike called by the Bolivian Labor Confederation [COB] did not affect daily activities in Bolivia.

He stated that the labor organizations have now seen that the method used by the COB is not the best one, and that this is why they have abrogated the mandates of the COB leaders who, according to the minister, have now witnessed the failure of their decisions.

The labor minister urged the population to continue its efforts to overcome the economic crisis and to increase the incomes of all Bolivians.

* Banzer Cites Intent To Modify Economic Model

33480137b La Paz PRESENCIA in Spanish 23 Feb 89 pp 1, 8

[Text] General Hugo Banzer announced that, if he attains the government, he will make a series of substantial modifications in the New Economic Policy that went into effect in August 1985. The declaration was made before a group of businessmen attending a luncheon held by the Bolivian-American Chamber of Commerce.

The Nationalist Democratic Action [ADN] presidential candidate said that he would free the current economic model from "unyielding dogmas," so that the main objective of his policy would not be a "theoretical econometrism, but rather an improvement in the Bolivian people's living conditions."

Banzer stated that, if he is elected president, he will correct the mistakes in the current policy because, in his view, "stability cannot be achieved amid social dissatisfaction, deprivation, and differences."

The former de facto president claimed that "ADN will have to correct the serious flaws in the present economic policy," identifying some of them as the low level of

exports exacerbated by Argentina's irregular payments for gas sales, the shortage of financial resources, the limitations on public investment, the gap between imports and exports, and the doubts that persist regarding the soundness of the process.

He also announced his decision to generate a dynamism, which is grounded in reality and tends towards modernization and change, without succumbing to an inflationary process, and which consolidates stability, reactivates the productive system, and reduces social tensions, so that economic stability will not be an end, but a means for undertaking growth and improving the living conditions of Bolivians."

As for the differences with regard to the economic policy upheld by MNR [Nationalist Revolutionary Movement] and ADN, he maintained: "The government emphasized a program for zero inflation (which was not zero), adjustment of the deficit, and debt management, but it neglected productive activity, and deferred the mechanisms to stimulate the creative resources of the entrepreneurial class."

The ADN candidate described as insufficient the growth in the gross domestic product, whose 3.4 percent rate reveals that Bolivia will have to wait until the year 2033 to recover the 1980 income level.

Based on his government plan, he proposed "economic and political stability" as a solution to the country's economic policy, emphasizing that "it is far more important to genuinely interpret the requirements and projections of the realities of Bolivia than to unconditionally accept theoretically pure economic models."

Banzer observed that the accumulation of wealth is legitimate only when the benefits of prosperity are distributed so as to achieve social equilibrium.

He also commented on the topic of revitalization, stressing the "efficient, honest use of resources, so as to assign them to the sectors with the greatest potential for stimulating development and diversifying the economy, in order to prevent it from being chronically dependent on the external sector."

During his address he focused on matters related to the policy on investments, free enterprise, administrative decentralization of the state, the moral revolution, the foreign debt, and the export problem.

* MIR Defines 10 Points of Government Program

33480137a La Paz PRESENCIA in Spanish
24 Feb 89 p 7

[Text] Yesterday the Movement of the Revolutionary Left (MIR) announced a 10-point government program and the Jaime Paz Zamora-Gustavo Fernandez Saavedra ticket for the presidency and vice presidency of the republic, respectively, during a political ceremony held at the City of La Paz Domed Coliseum and aired on a radio and television network throughout the entire country.

Paz made public the program to be executed by MIR if it is elected to the government in next May's elections, remarking: "Like the 10 Commandments of God, we are establishing 10 guidelines for our task of building the country and changing its history". He enumerated them as follows:

"1. Defense and development of the national territory, and recovery of the maritime presence that has been lost;

"2. Defense and development of the Bolivian population, as the principal and richest resource that our nation possesses;

"3. Construction of a democratic, multi-regional national state, integrating all Bolivians;

"4. Affirmation of the national unity, identity, and inspiration of all Bolivians;

"5. Sovereign, regionalized, national economic development;

"6. Physical coordination of the national territory;

"7. Consolidation of democracy and pluralism; preservation of our country's political, economic, and social stability;

"8. Bolivia's active presence in the international area;

"9. Construction of the design for unity among all Latin American peoples;

"10. Affirmation of work with integrity, solidarity, and loyalty, as a value for all Bolivians."

For an hour, the candidate recalled events during the long years of the MIR's formation through the periods of military dictatorship, describing situation currently facing the country's majority classes, and declaring that his party is confronting the third phase of its history, the essence of which is consolidation of the democratic process in the country.

He also commented on the opposition's election campaign, of which he is a victim, calling it plagued with lies; he claim that "Bolivia has faced a historic period of transition from dictatorship to democracy," and that "we are all responsible for what happened on that occasion."

The set of guidelines and the explanations regarding the country's political actions were brought up during a repetitive speech that he delivered to approximately 8,000 persons filling the coliseum. The proclamation of this candidacy was made by Oscar Eid, and subsequently

remarks were heard from Gustavo Fernandez, who stressed "the need to modernize the Bolivian state," because the world is changing and it is imperative that, as part of that change, real, participatory democracy be expanded.

He also maintained that MIR "is beginning a new historic phase with men who understand the present, so as to project the country toward the future", critizing the MNR [Nationalist Revolutionary Movement] and ADN [Nationalist Democratic Action] parties which, he claimed "speak to the men of the past, the same as ever."

* Mining Sector Shows Greatest Recovery in 1988

33480137c La Paz PRESENCIA in Spanish
28 Feb 89 pp 1, 8

[Text] Santa Cruz, 27 Feb—The minister of mining and metallurgy, Jaime Villalobos, declared here today that mining is the sector of the country which showed the greatest reactivation during 1988, proving that Bolivia is, and will continue to be a mining country.

According to the report, mining as a whole registered an activation of about 50 percent last year compared with 1987, and of 105 percent compared with 1986.

Gold production increased elevenfold over 1985. Meanwhile in Santa Cruz, there are companies exploring and others that have started drilling which, according to the minister, augers a promising future.

When asked about the future of the Mining Corporation of Bolivia [COMIBOL], Minister Villalobos claimed that the government is attempting to strengthen, and not destroy it.

He announced that, for this purpose, an attempt is being made to associate it with private companies that will provide risk capital, technology, and an administrative capacity, for the purpose of reinforcing and expanding the state mining enterprise.

Iron and Steel Industry

As for the iron and steel project, Villalobos reported that, on Thursday, the National Economic and Planning Council (CONEPLAN) approved the terms of reference for issuing the international bid to those interested in working with the Bolivian state to install the future El Mutun iron and steel plant.

The responsibility for the bid will be left in the hands of the El Mutun Iron and Steel Project Promotion Unit, subordinate to CORDECRUZ [Development Corporation of Santa Cruz].

Regarding the future of the Eastern Mining Enterpirse (EMEDO), which produces iron concentrates based on the El Mutun deposits, Villalobos explained that this enterprise had recently lost a battle when it proved unable to go through with the sale of 20,000 tons to Military Manufactures of Argentina, after having been the first choice for that sale. However, as he explained, owing to the final price Bolivia was unable to sell the product.

According to the report, EMEDO's greatest problem at present is the lack of a market. As he noted, measures will be adopted to find a market in the neighboring countries.

As for the project to legally exploit precious and semiprecious gems from the La Gaiba region, southeast of this city, the minister said that he had submitted to the president of the republic the draft decree to suspend government reserves, so that operations may be conducted indiscriminately in the entire national territory, including La Gaiba, for mining exploration and exploitation.

La Palca and Karachipampa

When asked by PRESENCIA about the future of La Palca and Karachipampa, he said that these are "two white elephants," and that the government does not know what to do about the former. That plant, installed by the Soviets, was supposed to cost $14 million, and ultimately cost $130 million. During the early periods of operation, the plant had a deficit of $60 million. Currently, owing to high production costs and low tin prices, compounded by the lack of raw material, operations are at a standstill.

As for Karachipampa, Villalobos claimed that the plant was designed for 51,000 tons, but that the country does not have that volume of raw material available at present.

In 1988 the country produced 8,000 tons of lead and silver, and this year's production will total 25,000 or 35,000 tons; nevertheless, the amount is far from meeting the plant's requirements. Furthermore, there are no guarantees of profitability. Hence, he said, the government will not put Karachipampa into operation until supplies and profitability can be assured. Villalobos remarked: "We don't want to repeat the history of COMIBOL, when its immense losses generated the hyperinflation that has nearly destroyed this country."

Argentina Continues To Delay Gas Payments

PY2503133889 La Paz La Red Panamericana in Spanish 1130 GMT 25 Mar 89

[Text] Argentina owes approximately $249 million for the purchase of Bolivia gas, and this debt must be canceled in accordance with agreements that the two countries have signed.

It has been reported that during the past 2 fiscal years Argentina paid approximately $44 million. It has also been reported that Bolivia is expecting more disbursements by Argentina so that Bolivia can continue its economic stabilization plans.

The Foreign Ministry has reported that Bolivia has signed commitments with Argentina, but that in some cases there is a delay in payment by Argentina, which is harmful to Peru's economy.

It has been acknowledged that the international crisis has caused very serious problems for Argentina, preventing it from paying its debt to Bolivia promptly.

Brazil

Finance Minister Returns From IDB Meeting

PY2703121589 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 27 Mar 89

[Text] Finance Minister Mailson da Nobrega has returned from his trip to Europe where he met with authorities from Brazil's main creditor institutions.

In Amsterdam, Netherlands, Mailson da Nobrega participated in the IDB [Inter-American Development Bank] meeting, representing the Brazilian Government.

* Obstacles To Repeating 1988 Export Record

33420034 Sao Paulo EXAME in Portuguese 11 Jan 89 pp 34-38, 40-41

[Text] Brazilian traders commemorated the year's end by toasting the record mark of nearly $34 billion in exports set in 1988. It was a notable achievement, the consequences of which go far beyond the simple jingling of dollars in the coffers of the exporting companies and the attaining of a solid trade surplus, also a record, of almost $20 billion. The $34 billion exported, which was 30 percent more than in 1987, kept the Brazilian economy from facing a serious recession last year, which many people had been predicted as early as 1987. Almost one-fourth of Brazil's industrial production was sent overseas, and 70 percent of total exports were of manufactured products. Thanks to that phenomenon, a good level of employment was maintained in the country, and the profitability of important sectors of the economy was guaranteed during the bumpy ride through 1988.

The record mark also served to demonstrate the challenges that Brazilian exporters face if they want to enjoy increasingly better results. For 1989, it is hoped that the numbers of exports will be, in a best case scenario, similar to those of this year. "There has never been a conjunction of such positive factors for Brazilian exports as in 1988," admits Namir Salek, the chief expert of the Department of Foreign Trade [Cacex] of the Bank of Brazil. "There was a substantial increase in the prices of the products exported by Brazil, with the exception of coffee and cacao beans," stresses former Minister Marcus Vinicius Pratini de Moraes, the president of the Association of Brazilian Exporters.

Last year, the prices of Brazilian products had an average increase of around 11 percent compared to 1987, and 22 percent when compared to 1986. The list of increases was headed by at least five categories of products—petrochemicals, steel, cellulose, orange juice, and aluminum. There were gains of as much as 25 percent in the physical volume of exports, as in the case of soy beans and ores. "All that was unleashed by the growth of the developed countries and by Southeast Asia," explains Pratini. That escalation of prices will most likely not be repeated in 1989, according to Salek's predictions. And the impetus for growth in the industrialized countries will perhaps be contained by a slowdown in the American economy, which is in trouble because of its need to bring its balance of trade into equilibrium.

There is no consensus on what all the causes were that pushed the country to set the $34 billion record. "Another reason that exports grew was because internal demand fell greatly," says Pratini de Moraes. "The country's total production must be equal to or even less than that of 1987." Breaking it down into particulars, exports kept the economy from going into a recession, but exporters only sought the foreign market with greater enthusiasm because they did not have anyone to absorb the volume of production that they would have normally sold within the country. "I do not agree," responds Salek. "Since 1984, Brazil has been on the road toward becoming an economy geared more toward exporting, without harming the internal market." For Salek, the magic times of the Cruzado Plan should not be used as a parameter. "Under the Cruzado Plan, the main factor that inhibited exports was not the heating up of internal demand, but rather the freezing of the exchange rate."

Differences aside, the fact is that some of the measures that have helped stimulate exports were taken by Dilson Funaro's successor at the Ministry of Finance, Luiz Carlos Bresser Pereira. "The mini-devaluations decided upon by former Minister Bresser Pereira in 1987 were fundamental," recalls businessman Laerte Setubal, the president of Cofap Trading. There were two of them, one of 7.5 percent in May, and another of 9.5 percent 2 months later. It takes a year, according to Setubal, for all the effects of devaluation to become apparent. It was not by chance, therefore, that in August of 1988, Brazil exported $3.4 billion, a result that had never before been recorded in just 1 month. Not even the displacement that the exchange rate accumulated after these mini-devaluations cooled the enthusiasm of exporters. Since it was corrected by the consumer price index and not by the general price index, which determines the evolution of industrial costs, the exchange accumulated a displacement of nearly 34 percent between June 1987 and July 1988. But even so, the monthly record of $3.4 billion was beaten in August. There was no lack of unorthodox factors on the list of the causes that gave the great boost to exports last year. Among exporters, it is admitted that at least 10 percent of the total volume of sales to the foreign market in 1988 was underbilled. This underbilling, in this instance, was probably a weapon used by exporters to defend themselves against possible disadvantages resulting from the exchange rate. Even rumors helped exports. When the building in Rio de Janeiro that

houses Cacex caught fire last October, the rumor spread throughout the international orange juice market that Brazil would no longer export that product because all the purchase order account directories of overseas sales had been burned. The price of orange juice immediately shot up. The result: Several thousands of dollars fell unexpectedly into the pockets of Brazilian exporters.

It is not just the external causes—such as the fall in prices on the international market and the cooling off of the American economy—that will keep Brazilian exports from taking yet another leap in 1989. There is the possibility on the horizon that some serious internal obstacles could arise. The application by the state governments of the ICMS—the tax on the circulation of partially-manufactured merchandise—to exports is what is most troubling. This is a question of taxing the exporting of products such as strawberries, steel, cellulose, and unalloyed petrochemicals. Last December, Confaz, the council that is made up of the Ministry of Finance and the secretaries of finance from all the states, decided to adopt the ICMS, which was created by the Constituent Assembly. Exporters not only fear that they may be creating a tax that could grow uncontrolledly, but they also fear that power to increase taxes on an activity that is strategic to the Brazilian economy will be given to the secretaries of finance. What really frightens them is the prospect of being caught up in a war among the different states for greater slices of the ICMS pie—and to end up seeing the competitiveness of their products on the foreign market vanish. "What foreign client is going to put in orders to a Brazilian exporter, knowing that he may stop selling halfway through the deal because a state tax has eaten away his profit margin?", asks Pratini.

In the field of export financing, through Finex [Financing and Export Fund], exporters are worried about the effects of the 7.5 percent increase in the interest rate on the loans that will be made during the course of 1989. But there is also relief as a result of the preservation of the Befiex mechanisms, the program of incentives for exports which is responsible for half of the foreign sales of manufactured products and for almost 30 percent of total sales. Between January and September of last year, $6.9 billion were exported via Befiex, a volume that by December should reach $10.5 billion. Today, Befiex is administering 401 export programs. Another 60 are ready to be signed, benefiting textile, chemical, food, mechanical, and metallurgical companies. The great change in Befiex for 1989 is the widening of its scope so that small and middle-sized companies can join together to make use of its programs, importing machinery and technologies that will allow them to do battle on the foreign market more competitively.

The good results of 1988 also have their negative side. The trade surplus of almost $20 billion, which was due mainly to the drop in the international price of petroleum and the low volume of wheat imports last year, partially helps the country meet its commitments with regard to the foreign debt, but also helps feed inflation when the government changes these dollars into cruzados. This surplus also generates political trouble with Brazil's main trading partners, especially the United States. At a time when the buzzword in international trade is "reciprocity," a surplus of $20 billion is evidence of Brazil's protectionist posture and exposes it to retaliation, the effect of which is to inhibit export growth.

Last year, according to the latest predictions, Brazil exported $7 billion to the United States. At Itamaraty Palace it is feared that, under pressure from the need to balance its trade deficit for the second year in a row, the United States will play hardball with Brazil, perhaps by resorting to Section 301 of its foreign trade law, which permits the adoption of unilateral retaliation. "This is a question of mandatory legislation that allows Congress to adopt a series of initiatives independently of the government's will," recalls Ambassador Sebastiao do Rego Barros Netto, the under-secretary general for economic and trade affairs at Itamaraty Palace.

The Americans, according to all indications, are becoming more bellicose on this question. Since November of last year, an unheard-of trial has been underway, requesting retaliation based on Section 301, brought by the Copper and Brass Fabricators Council, Inc., the association that represents American makers of brass and drums. Normally, such requests are made to protect American industries against exports that are subsidized by firms that are competitors of the United States. In this case, it is exactly the opposite, which is rather ironic. The request is based on the fact that Brazil forbids the exporting of scrap brass and zinc. Because of this prohibition, the price of these materials on the international market has gone up, which supposedly raised the costs of American industry by $150 million last year. This request for retaliation has as its objective to put pressure on Brazil to remove restrictions from exports of these scrap metals. The hope at Itamaraty Palace is that the new American president, George Bush, will remain faithful to his campaign speeches in which he repeatedly preached the principles of free trade.

The threats of retaliation that have occurred recently because of Brazil's market reserve in the areas of computer science and unalloyed chemicals show that it is sufficient for the trials to get under way in order for harm to be done. In the case of computer science, in which the United States threatened—but did not carry out its threat—to stop the export of a list of products whose value would total $100 million per year, there was a premature cancellation of orders for many of the types of merchandise that were under the threat of sanctions. In the case of unalloyed chemicals, they ended up losing $40 million in exports.

The industrial policy issued by the Sarney government and the promised, and partially functioning, customs and tariff reforms are timid steps in the direction of liberalizing Brazil's foreign trade. "What makes this liberalization difficult is the need to use part of our

surplus to honor the foreign debt," says Barros Netto. In other words, it is crucial for Brazil to negotiate more favorable conditions for the payment of the service on the debt in order to be able to open up its borders a little bit more. In the opinion of Barros Netto, the lending countries should be more sensitive to this idea, because by doing so they would give greater impetus to their own exports to debtor countries such as Brazil.

So there is no lack of obstacles for Brazilian exporters in 1989. And it will be necessary to overcome them all, because everything indicates that exports will once again play a crucial role in guaranteeing Brazil a reasonable level of economic performance. At least that is the conviction of Pratini de Moraes. He says: "It is necessary to recall that every billion dollars exported ensures employment for 75,000 people in the leather and shoe industries, and some 50,000 in the metallurgical transformation industry." According to his accounts, almost 2.5 million peoples are now employed in activities directly related to exports. "If the exporting sector slows down, the consequences will be painful," Pratini warns.

At the same time that they have generated employment, however, the exporting companies are facing the challenge of sustaining themselves in a market that has already proven that using cheap labor has ceased to be a great advantage. "You only have to look at what has happened in the United States and in Southeast Asia to prove that," says Pratini. By modernizing its obsolete iron and steel sector through investments in sophisticated equipment, the United States is once again competing aggressively on the international market. The same phenomenon has occurred in Japan and in West Germany. The modern automobile industries established in Southeast Asia are also capturing significant shares of the international market. "From now on, Brazil needs to concentrate on technology, productivity, and good marketing strategy," recommends Pratini.

But not only that. From now on, Brazil needs to concentrate on a new geographical division of world trade, which will be dominated by at least three great economic blocs in the capitalist world—one formed by the United States and Canada, another by Japan and the Asian tigers, and finally, the European Economic Community. To these one must add the bloc dominated by the Soviet Union, which is liberalizing and modernizing under the inspiration of Mikhail Gorbachev. It will not be easy to transform ourselves into a leading actor on this new world stage. The tendency of the countries that make up these blocs will be to increase the level of trade among themselves. Brazil, which is not automatically aligned with any of them, will have to find openings so that it can establish relations with all of them—and to take advantage of these relations. "We must think big," recommends Roberto Fonseca, the president of Silex Consultoria Financeira e Participacoes [Silex Financial Consulting and Partnerships]. "Our model of foreign trade has been rendered entirely obsolete."

For Fonseca, the only way is to invest in sectors where the country is accumulating comparative advantages and to import those products that it has not yet managed to produce well. That would mainly be the case of a vast range of sophisticated machinery and equipment which is not being produced in Brazil, but which is necessary in order for domestic industry to be able to produce more competitively. "So far, we have just been exporting leftovers," says Italian Nicola Minervini, the Sao Paulo partner of KPMG Peat Marwick Dreyfuss, the world's largest auditing firm. Minervini takes special pleasure in citing the example of Formosa, one of the four Asian tigers, which does not produce wood in its tiny territory.

"Formosa annually imports $350 million worth of wood, and then exports nothing less than $1.5 billion worth of furniture," he says. "Meanwhile, Brazil, which is more than self-sufficient in wood production, sells just $40 million worth of furniture per year on the foreign market." This is no doubt an astonishing comparison. Brazil, in fact, still has a long road ahead of it in the matter of foreign trade—but it will be in a good position just as soon as it is capable of making the right decisions. Within the National Economic and Social Development Bank, which is a traditional source of development ideas, the thesis that the country does not have to stop to think about the old dichotomy between domestic market versus foreign market is being defended.

There should be enough impetus to invest in such a way as to ensure volumes of production sufficient to supply Brazilian consumers and also market merchandise abroad. At the moment, Julio Mourao, the superintendent of planning at BNDE [National Economic Development Bank], believes that companies should have a sufficient volume of money to undertake new expansion projects for their productive capacity. For such purposes, they need to have confidence in the direction that the country's economy is taking. This is the only incentive that might lead them to divert the money that they are currently keeping in the financial market and invest it in productive activities.

The greatest incentive would be the accomplishment of several initiatives that are already being tried rather timidly. First and foremost, a clear policy of modernization of the economy is needed. This requires, above all, an efficient inflation-fighting strategy, because inflation is one of the evils that generates the greatest uncertainty for exporters because of its ability of making the creation of a coherent price policy impossible. Modernizing also means getting the new industrial policy off the drawing boards and putting it into practice, and deregulating foreign trade, eliminating the bureaucratic obstacles that currently make life miserable for exporters.

Finally, it also means adopting an exchange policy which is not connected to the monetary policy, in such a way as to keep possible limitations created by it from preventing exports from growing. In that sense, the government is already considering heading toward liberalization of

the exchange rate in 1989. A kind of exporter's voucher would be created. The exporter would exchange a portion of the dollars that he receives, probably around 40 percent, for vouchers issued by the federal government. He would then be able to exchange them for cruzados with companies that are interested in importing merchandise. The negotiation value of these vouchers would certainly be somewhat higher than the official exchange rate. The idea, according to all indications, would be very well received by private enterprise.

At any rate, liberalization would be just one in a wide range of measures requiring structural modifications. For a long time now, Brazil has been going through transformations that usually leave the incredulous with their mouths hanging open. Up until the 1970's, few people believed that the country could transform itself from an exporter of essentially agricultural products into an exporter of industrialized products. And this occurred in a period of time spanning less than 2 decades. Taking history as a starting point, it is perfectly possible to imagine the country integrating itself more and more into the international community, buying and selling very aggressively.

And really, that is the only way for any country that wants to develop a solid and dynamic economy, capable of generating wealth and distribution of income. In a debate sponsored by EXAME with major Brazilian exporters in December, people spoke with great concern about the existence of prejudice within the country against exporters. Perhaps the exporters were exaggerating the current strength of this feeling, which was very much in vogue during the 1970's. But the fact is that any country that does not think about exporting now at the end of the 20th century will certainly be condemned to remain outside of history's wheel.

In Search of the Route to the Indies

In a year in which Brazil exported nearly $34 billion, one could expect that the label "Made in Brazil" would spread vigorously. But that is not what happened. The country's map of international trade remained practically unchanged from what it has been for the past few years. The United States, Europe, Japan, and Canada continue to absorb more than 70 percent of Brazilian exports. "It is very difficult to conquer new markets," explains Namir Salek, the director of Cacex. The barriers to overcome are numerous—starting with the restrictions that Brazil itself imposes on imports. In the most elementary manual of international trade, the first rule is that partners should be guided by the principle of reciprocity. In this two-handed game, Brazil does not always enter with the buying hand, which limits its sphere of activity. In order to get its products more forcefully into markets with great potential, such as China, the Soviet Union, the Middle East, and Southeast Asia, Brazil will certainly have to stimulate imports.

Let us take the example of the coveted Chinese market. In 1985, trade between Brazil and China reached $1.4 billion, but currently it does not exceed $600 million. The drop can not be explained by political or diplomatic differences. The main product that Brazil buys from China is petroleum. "Petrobras cut back on its purchases, and, in retaliation, China began to import less merchandise from Brazil," says Charles Andrew T'ang, the president of the Brazil-China Chamber of Commerce and Industry. Petroleum is the main product exported by China, but there are many other products that Brazil could buy there—and many that it could sell. In addition to iron and steel products, of which it already buys quite a lot, China is interested in purchasing iron ore, tobacco, paper, and cellulose, plastics, automobiles, and electrical and electronic appliances. And it wants to sell metallurgical coal, pharmaceutical raw materials, industrial machinery, and minihydroelectric plants to Brazil. "Trade between the two countries has everything it needs to skyrocket," believes Xia Guozheng, the first secretary of the Chinese Embassy in Brazil. The current Chinese consumerism boom, for example, could open up a lucrative field for Brazil's electroelectronic industry.

As attractive as China or even more so, the Soviet market is in the middle of the process of opening up, under the direction of the liberalizing baton of Mikhail Gorbachev. "If American, Japanese, and European businessmen are not afraid to bet on our country, what would Brazilians have to fear?" asks the new Soviet trade representative in Brazil, Victor Niculnikov. "We are ready to receive them. What is missing are concrete steps on the part of the Brazilians." There has also been a drop in trade with the Soviet Union. In 1987, the Soviets imported just $407 million and exported $73 million to us. In 1988, Brazil exported $315 million to the Soviet Union and imported $25 million. With India, the Soviet Union maintains a trade volume around $1 billion. "Why should we not have a similar trade with Brazil?" asks Niculnikov. The best method of access to the Soviet Union seems to be joint ventures. Aware of this, companies such as Pao de Acucar, Staroup, Cutrale, and Cacique are already operating with binational capital. This year, Cobra Computers and Sid Computer Science are beginning to pack their suitcases in order to plant their feet in the Soviet market. In response, the Soviets are to sell more vodka, frozen fish, cameras, bicycle chains, capital goods, tools, and replacement parts to Brazil.

Another market that could be better exploited by Brazil is that of the Arab countries. "It is an immense market, which is not being exploited by Brazil," says Walid Yasigi, the president of the Arab-Brazilian Chamber of Commerce. All told, that bloc, which is made up of 21 countries, imports $160 billion. Brazil only gets a 1-percent share of that figure, nearly $1.6 billion. The figures on exports of the weapons industry are not included in those calculations, and are not revealed for reasons of national security. There is still a lot of potential there waiting to be exploited. Now that the war

is over, Iran and Iraq will certainly concentrate on rebuilding. If weapons were formerly the main items on their import lists, they will now be replaced by consumer goods. "They will now be starting a new war to repair the damage of the previous one," says Yasigi. There is a good opportunity there for Brazil. "There is a growth tendency in exports to the Middle East," says Luis Carlos Delben Leite, who is the president of Manig, a manufacturer of graphic machines, and also president of ABIMAQ, the Brazilian Association of Machinery Industry.

Leite knows what he is talking about. The company over which he presides is exporting paper-punches, automatic machines to perforate and serrate paper, and small capacity rotary printing presses to the Middle East. In his opinion, the technological level required by the Arab countries is more closely in tune with Brazil than with the United States and Europe. While the industrialized nations are more geared toward state-of-the-art technology, Brazil is still producing medium-technology machinery which is more compatible with the Arab countries' industrial hardware.

The search for new markets does not demand an effort at adaptation just from Brazil. In order to increase its presence here, for example, it is not sufficient for the Southeastern Asia bloc—Taiwan, Korea, Malaysia, etc.—to send just their electroelectronic products to Brazil. They also need to set up a reliable structure for maintenance and technical assistance for those products. At the same time, in order for Brazil to succeed in marketing its products in that region, it will have to overcome two big obstacles. The first of these is distance, and the second is competition—not only from the countries themselves, but also from Japan, which is located nearby. At any rate, this is an interesting market. After all, these are countries that are growing by 7 percent per year, the highest rate currently being recorded anywhere in the world. Interbras, the biggest state-run trading company, is placing its bets on Southeast Asia for 1989.

Marcio Ache, the advisor to the vice president of Interbras, is encouraged: "These are countries that will be able to bring a lot of foreign currency to Brazil." In those markets, Interbras's strategy will be to act through triangular operations. He explains that Interbras purchases merchandise from those countries in dollars, and resells them, also in dollars, to Europe and the United States. With this, new frontiers of exports for Brazil can be opened. Operations with this same format are quite normal in international trade. In order to reach untapped markets, mainly in Third World countries, the United States makes generous use of this type of trade, which is better known as countertrade.

"We have to use this tool for our survival," says Gunnar Vikberg, the vice president of Xerox in Brazil. In order to sell its copy machines and printers in Brazil, Xerox exports Brazilian steel to Europe and venetian blinds to the United States, among other products which provide them with a profit of $100 million per year. It is true that Brazil is dealing with formidable problems, such as the threat of hyperinflation and the gigantic foreign debt, but Xerox knows that it cannot ignore a country that has a GNP which is higher than $300 billion. With annual sales in Brazil of $500 million, Xerox gets a sufficient return to cover any possible risks of doing business in the country, according to Vikberg.

That is also one of the alternative ways for Brazil to reach some markets whose list of exports is not serving its needs. One example of such a case is India, from which Brazil imports only bicycle chains. By using one of the above-described triangular operations, it will be able to buy rice and jute and sell them to Europe.

If one of the problems for some markets is distance, in others—whose advantage is precisely their proximity—there are different types of obstacles. For example, Brazil's trade with Latin America and Africa is always in hot water because of crises of liquidity. These are, without a doubt, markets with solid potential; but most of the countries on those continents are grappling with problems of balance of payments and foreign debt. It is quite true that the young market that is being formed in several African countries that have recently come out of the process of colonization is very promising for Brazil. But, for the time being, it is appropriate for us to concentrate our efforts on the more developed centers. When all is said and done, they are still the best alternatives.

* Covas Views Debt Payment, Military, Alliances

33420036 Rio de Janeiro O GLOBO in Portuguese 12 Feb 89 p 10

[Interview with Senator Mario Covas by O GLOBO as part of "Succession'89" series; date and place not given]

[Text] Sao Paulo—Few politicians in Brazil have experienced the emotions Senator Mario Covas felt when the ballot boxes were unsealed in 1986. The 8 million votes won in Sao Paulo alone not only gave him the title of the biggest vote-getter in the history of Brazil but definitely ensured that he would be a candidate for president of the Republic.

Covas abandoned an old dream—becoming governor of Sao Paulo State—yielding to the election to Orestes Quercia. He resisted as long as he could the desire of the "tucanos" to see him run for mayor of the city of Sao Paulo, and swapped the PMDB (Brazilian Democratic Movement Party) for the PSDB (Brazilian Social Democratic Party, dubbed the "toucans"), in order to face the greatest challenge of his 25 years in public life: getting himself into Planalto Palace so he can implant the proposals of Brazilian social democracy.

The former leader of the extinct MDB (Brazilian Democratic Movement), PMDB leader in the Constituent Assembly and now almost certainly the PSDB candidate for president, a man who positions himself among the

group of Center Left politicians, stated in this interview—the ninth in a series of interviews with potential presidential candidates being published by O GLOBO—that he accepts capitalism as an economic system and believes it is possible to accomplish a rian reform within the limits of the Constitution.

Even before the electoral campaign gets under way, Mario Covas, accustomed to strict party discipline, warns that he will not yield ground to anyone. He also served notice that the PSDB "came onto the scene to offer an alternative in power," that it wants to change the pattern of income distribution without socializing misery and to privatize the economy. The senator believes that the issue of the foreign debt is moving toward a political solution and will be resolved by the end of the electoral campaign.

It will be a point of honor for the PSDB candidate to eliminate the superfluous. He does not measure administrative reform in terms of the number of cabinet ministries, but by their efficiency. And Covas believes he will come up with the names of ministers for the military area just as easily as he will be able to choose his transportation minister.

There was a time when Covas' heart, now recovered from a double bypass and surgery on the internal thoracic artery, got more attention than did his political activities. In order not to go through another such scare, he threw the last pack of cigarettes into the wastebasket more than a year ago and, at 59, is getting ready to face an election campaign, his first as candidate of the "toucans" party, which ran mayoral candidates in 89 municipalities in the last election. They created 17 mayors—and won a state capital.

[O GLOBO] How would you negotiate the payment of the foreign debt in your administration?

[Covas] You can say there are three kinds of negotiation: conventional negotiation, unilateral decision, and the moratorium. A moratorium is not an end, it is a means. To negotiate the foreign debt you need to have a goal. Depending on the circumstances, you negotiate more or less forcefully, and the limit is called a moratorium. It is the toughest, strongest way to negotiate, unless the moratorium is an end in itself, when you are absolutely unable to pay or because you have decided not to pay. So when people ask me if I favor a moratorium, it's like asking a worker if he plans to hold a meeting and announce a strike for 1 day or 10 days hence, or for some indefinite date. He tailors his method of negotiation to a slate of demands. As regards the foreign debt, I believe the nation must decide what sort of goal it is pursuing. A worldwide consensus of opinion is forming—and I think that Brazil should fight very hard for this—that you must look at the foreign debt from a political angle. There is at least one political line of thought. That leads us to different alternatives and it is this that the national needs to decide. That is what, at the end of the year in the election campaign, will be done.

Payments to service the foreign debt represent 3.5 percent of the GDP [gross domestic product] every year. And we, who had government investments of about 5 percent in this past year of 1988, are going in the red by 2 percent. Therefore, the foreign debt has become a drag on economic growth; it is not the only restraint, but it is one of them. The fight against inflation entails acting on several fronts, one of which is the foreign debt. There you have various alternatives and the first of them is to say, unilaterally: I limit it to a percentage of my GDP. Second alternative: I limit it to a percentage of our exports and not of our foreign trade balance because I need to export in order to be able to import, whether we are talking about capital goods or consumer products.

[O GLOBO] Would the goal for the fight against inflation come out of that solution?

[Covas] It is not only the goal for the battle against inflation. It is obvious that at this moment you need all of Brazil, you need Brazilian society fighting on the side of that proposal. The banks are selling part of that debt at a discount and the result is that in certain cases opportunities are afforded for undesirable business transactions. So I believe that we will move toward something like "securitization" of the debt, creation of an international agency, where the discussion will take place at the governmental, and therefore political, level.

[O GLOBO] Saying simply that the debt is unpayable would be enough in that case?

[Covas] This is being said, and it really is unpayable as it stands now. Everyone acknowledges this. I think that even Bush's speech points somewhat in that direction of recognizing that you must employ a political treatment. The way it is now, the debt hampers the economic growth of each one of those countries and, therefore blocks changes in the situation of misery in which a particularly large part of the population of Latin America is involved. We need to move in a direction where it is acknowledged that the debt must be considered as a political issue. It cannot be seen merely as a financial problem.

[O GLOBO] Would a PSDB administration be likely to commit itself to the recovery of the purchasing power of the minimum wage?

[Covas] The truth is: There are circumstances under which if you simply raise wages, with no counterpart in production and productivity, the stock of goods and services immediately regains that value, so that in the end such a move does not help the workers. We have to find ways to make the minimum wage go higher and higher and incorporate portions of the increase in productivity into percentages that are ever larger in relation

to the other sectors. The minimum wage in Brazil is out of proportion when compared with nations of Latin America, Central America, Mexico, Nicaragua and countries such as India, to say nothing of France, Japan, and England. When you compare hours worked per week with the minimum wage, you find that Brazil's is among the lowest in the world, at about $50 per month. Nevertheless, it is essential that this modification be made as rapidly as possible, by incorporating gains in productivity.

[O GLOBO] Is your goal in the economy to nationalize or privatize?

[Covas] I believe that we must rethink the concept of the State. There are those today who say that the State is responsible for the only problem this nation has. I do not believe this is entirely true. We have other problems, besides the tremendously difficult period the State is experiencing. Since 1984 the average salary of government employees has declined, while the federal government's payroll expenditure has increased from 5.7 percent to 7.7 percent of the GDP. The drop in the average salary can only mean that bloating has occurred, otherwise we would not have seen the payroll costs jump like this. In the vision of the PSDB, which has as its first objective the attempt to establish a social welfare state, this means you change the pattern of income distribution in Brazil. But I don't want to change the pattern of distribution by socializing misery. Therefore, that change has to be associated with growth. For that to happen, it is essential that we reexamine the pattern of investment in this country.

[O GLOBO] During the election campaign, would you promise to bring about a comprehensive reform of the financial sector during your administration?

[Covas] If reform means nationalizing the banking system, no. The Brazilian financial system was structured in such a way that it usually makes funds available to those who don't need them. I think the greatest reform that financial system needs is a reform in long-term financing. Normally the Brazilian financial system is heavily oriented toward those very short-term working capital investments.

There are sectors where the State will unquestionably continue to play its role. I don't see why the State should stop playing the role it has been playing in the areas of petroleum, electrical energy, or in certain companies such as, for example, Vale do Rio Doce (CVRD).

[O GLOBO] Some of suggested administrative reforms have already been tried, but without yielding any practical results. What strategy would the PSDB adopt to cut the administrative machine down to size?

[Covas] The government deficit is, in part, a result of the size of that apparatus. It's not the numbers that weigh most heavily on the net revenues, on the rate of government savings. But anyway, in the recent years you have had an increase in the payroll from 5.6 percent to 7.7 percent of the GDP and an increase in the consumption of goods and services by the government from 2.4 to 4 percent. So the factors turn out to be reasonable. But I don't know whether an administrative reform that means eliminating ministries is the solution to that problem, whether it represents a way of trimming down.

[O GLOBO] Are you in favor of expanding the Brazilian Nuclear Program?

[Covas] I don't see why this country shouldn't pursue the mastery of nuclear technology. It would be a paradox not to do so. Now, it is possible to work at dominating nuclear energy for peaceful purposes, especially energy purposes, or for other purposes using modest programs that truly develop domestic technology. There is no point at all in building three, four, or five plants and obtaining a series of black boxes such as those underway so far, without any absorption of technology.

[O GLOBO] What sort of relations would a PSDB government plan to have with the Armed Forces?

[Covas] I don't see any problem at all in that area. I think that the president of the Republic is the commander-in-chief of the Armed Forces and the relationship between them is absolutely normal. The Armed Forces have a role to play in this country, a role that is expanding. There are tremendous areas in which I believe it would even be possible to expand the action of the armed forces.

[O GLOBO] Have you already thought about the criteria you would use to choose ministers in the military area?

[Covas] I haven't even thought of that. At this point, we are thinking about who our voters will be, so we are not ready to think about ministries yet. I don't' see any problem in that area. It's the same as asking me whether I have thought about who will be our minister of transportation. No, I haven't thought about the minister of transportation, but I would go about choosing a military minister in the same way as I would select a transportation minister.

[O GLOBO] Wouldn't a PSDB administration take up the question of agrarian reform again, since the solution set forth in the Constitution fell short of expectations?

[Covas] The Constitution is the result of a collective bargaining process within society; therefore we must respect the results. In the chapter on agrarian reform, such a statement is justified because we really were left with something that falls way short of the Land Statute enacted by President Castelo Branco 20 years ago. Now it has been made completely impossible for us to speed up the process of settling people on the land. It was

enough to state that small and medium-size properties are not subject to expropriation—these account for 94 percent of the country's arable land. Even so, if you have the political will, it would find it possible to bring about agrarian reform even within the parameters of the present Constitution. You have other tracts of land, including government lands.

[O GLOBO] Would strikes in essential sectors receive special treatment under a PSDB administration?

[Covas] Perhaps one of the first steps is to regulate the subject through a law, although guaranteeing the right to strike. The law would determine how to guarantee essential services to the public.

[O GLOBO] What kind of alliances is the PSDB thinking about seeking in order to form its slate of candidates and qualify for the presidential elections?

[Covas] Today the PSDB is concerned about developing its platform. The party has a timetable for this so that, by March, any discussion we have about alliances would have to use the platform as a foundation.

[O GLOBO] But would you yourself permit such alliances?

[Covas] I believe that alliances will be less important in the first round. There is a new element in this election—the fact that it will be held in two rounds. This virtually invites a greater number of candidates to participate in the first round, relegating the matter of alliances to the second round, when there will be only two candidates. The PSDB does not rule out alliances a priori, but simply insists that any alliance be forged on the basis of its party platform.

[O GLOBO] Are you worried about the coalescing of conservative sectors around your candidacy in recent months?

[Covas] The PSDB will have its platform and will be happy to welcome anyone who wants to vote for that platform. Now, the party plans to occupy the space for which it was born, the space on the Center Left. That is a clear proposal for a transformation sought on an ethical basis, i.e., rejecting, or fighting with all the forces against hunger and misery, and especially for the resumption of growth, of development.

[O GLOBO] What is the fundamental difference between the PSDB platform and that of other political parties that are also part of the Center Left group?

[Covas] That depends on the circumstances. The PT (Workers' Party) has announced an emergency economic plan that merits respect, but it's not the PSDB program. The PSDB will have its own, and you will see the difference when the two are on display. The objectives might even be the same, i.e., the intentions could be to achieve economic growth and redistribute income. All that might be the same, but the means of achieving the goals would be different. What distinguishes the PSDB from other parties is the proposal of a social-democratic alternative to liberal capitalism and the socialist solution. For example, the PSDB accepts a market economy.

[O GLOBO] How would you define yourself ideologically?

[Covas] I have never concerned myself much about this tradition of trying to assign a geographical vote to each person who is involved in politics. But to stick to the rules, I would say I am traditionally a man of the Center Left, my party is a central Left party, it is a party that is going to try to occupy that space.

[O GLOBO] Is there enough room for Mario Covas, Leonel Brizola, and Lula in a presidential campaign in today's Brazil?

[Covas] I don't know if there is enough room, but I don't know why the PSDB should have to give up its space to anyone. We are going to try to fill that space and that's why we came on the scene. I don't even know if those candidates you mentioned are aiming to occupy the same space.

[O GLOBO] The break between the PSDB and the PMDB is still not a very clean one, as you yourself acknowledge. Will this change now, with the presidential campaign?

[Covas] Unquestionably, one party was penalized during the last election. Everyone recognizes that the PMDB was penalized, all you have to do is compare the results of 1988 with those of 1986. In many cases, not even our split from the PMDB was very evident. It was clear in Minas Gerais, however because there the separation began with the elections for governor. I blame this on the length of time it takes for information to spread throughout Brazil. But this election will be different. In it you are going to have seven or eight—I don't know how many—candidates, and the same faces will be seen all over Brazil. That is quite different from the election we just had, where there were all kinds of alliances among the parties in each municipality, which detracted greatly from the partisan significance.

[O GLOBO] Would an implosion of the PMDB be in the interest of the PSDB?

[Covas] The PSDB is only betting on its own future. It said what it thought of the PMDB and its internal struggles and problems when it was in the PMDB. It is well known that the PMDB faces internal problems; the very fact that certain decisions are being postponed proves this. Now, not to say that we have some fine colleagues within the PMDB whom we would like to see in the PSDB would be to overlook an obvious truth.

[O GLOBO] Since the PSDB is a new party, what are its chances of winning the presidency?

[Covas] Statistically, its changes are as good as those of the other parties. We have not established our campaign strategies or tactics. I only know this: After Carnaval we'll be setting up our political headquarters for the presidential campaign in Brasilia—not in a house in the Lago neighborhood, but in an office building. Those who identify with our platform can join us.

Chile

Further Reportage on Fruit Poisoning Incident

Officials Estimate Losses

PY2703010089 Madrid EFE in Spanish 2305 GMT 26 Mar 89

[Text] Santiago, 26 Mar (EFE)—Enrique Bruzzone, Chilean Fruit Export Association president, today said the recent U.S. embargo on Chilean fruit that lasted almost 4 days resulted in an $11 loss for each of the 3,000,000 boxes of fruit that had to be destroyed.

Bruzzone said the Chilean Government has decided to help fruit producers by paying $7 for each box destroyed. The producers will lose $4 per box.

Bruzzone made these statements at Santiago International Airport today after meeting with Agriculture Minister Jaime de Sotta, who returned from the United States after negotiating the lifting of the embargo that lasted from March 13 to 17.

Domingo Duran, president of the Chilean Confederation of Agricultural Producers, has said the crisis was "a catastrophe" that "damaged not only the present fruit harvest but also caused a loss of confidence in Chilean fruits."

Chilean Foreign Minister Hernan Errazuriz has assessed the cost of the embargo by saying that Chile lost nearly $300 million.

EL MERCURIO today published an interview with U.S. ambassador to Santiago Charles Gillespie in which the ambassador said the crisis could cost Chile a loss of 2 to 5 percent of its GDP. Chile's GDP totals $20 billion.

Justice Minister on Legal Action

PY2503144289 Santiago Domestic Service in Spanish 0930 GMT 25 Mar 89

[Text] Justice Minister Hugo Rosende has stated that any legal action against the United States should be taken by those fruit producers and exporters who have been harmed.

Rosende said that the government has already asked the courts to name an ad hoc judge to investigate the grape poisoning case.

Rosende added that the results of the judge's investigation could lead to the adoption of new legal actions. He believes, however, that it is up to those fruit producers and exporters who have been affected to analyze the case.

Rosende did not mention any possible legal action by the Chilean Government against the United States.

[Begin Rosende recording] I am unable to answer some of the questions. It seems to me that (?it is difficult). This is a problem that mainly affects the private sector. I do not know what type of position the Chilean Government could adopt, and I do not think the government can take measures against the United States. This is a problem that affects fruit producers and exporters. [end recording]

Rosende was surprised at the charges made by lawyer Ricardo Claro, who has directly accused the United States of poisoning two Chilean grapes.

International Markets Regained

PY2403155589 Santiago Domestic Service in Spanish 1030 GMT 24 Mar 89

[Text] Agriculture Under Secretary Arturo Venegas has announced that approximately 600,000 boxes of grapes are ready to be sold on the international market and that Chilean fruit is 100 percent clean for consumers.

Foreign Minister Hernan Felipe Errazuriz has reported that the U.S. consumers are beginning to buy Chilean fruit 11 days after the boycott that affected these products. He also said that a poll is being conducted among the U.S. public to learn how the vegetable and fruit producers are regaining the market.

[Begin Errazuriz recording] After an 11-day absence of Chilean fruit on the U.S. market, U.S. consumers are again buying our products. At the same time, a specialized enterprise is conducting a poll among the U.S. public for its reaction and to observe how the fruit is regaining the U.S. market. I believe that on Monday the sale of fruit will return to normalcy, with better prices. There are moderate prospects and we can say that the products have attracted attention.

The Chilean Exporters Association and the U.S. Fruit and Vegetables Association have stated that the objective of the U.S. sellers and importers is to offer good-quality products.

The quality of Chilean fruit will obviously encourage the consumer to purchase the fruit and to regain our market in the United States. [end recording]

Errazuriz also stated that a study is being made on how to submit to international organizations the situation of unprecedented economic terrorism that affected Chile.

Radio Owner Sentenced by Military Court

PY2403205989 Madrid EFE in Spanish 1847 GMT 24 Mar 89

[Text] Santiago, 24 Mar (EFE)—Jorge Diaz Guzman, director and owner of Radio Ventisqueros of Coyhaique, has been sentenced by a military court to 61 days in jail for "offending Carabineros" (militarized police).

Ricardo Brodsky, member of the opposition Party for Democracy (PPD), today said in the daily FORTIN MAPOCHO that the sentence is ironic, because Supreme Court President Luis Maldonado had criticized "the excessive power and lack of guarantees in the military courts."

Brodsky indicated that the military court "did not hesitate to sentence an oustanding journalist who with self-denial and courage has been able to keep alive a free voice in the distant 11th region."

Radio Ventisqueros operates in Coyhaique, 1,947 km south of Santiago.

There are currently 20 Chilean journalists being tried by the military courts, and they are facing sentences from 61 days to 5 years in prison.

Colombia

Reportage on Plans of Guerrillas, Government

Guerrilla Truce Communique

PA2703040289 Bogota Emisoras Caracol Network in Spanish 0305 GMT 27 Mar 89

[Text] Bogota—The Revolutionary Armed Forces of Colombia, FARC; the Popular Liberation Army, EPL; and the Army of National Liberation, ELN; today reasserted their willingness to declare a cease-fire in a communique they sent to the commission of notables through Senator Alvaro Leyva Duran, Social Conservative Party presidential candidate. Radio Cadena Caracol has learned about the text of the document, which includes the following points:

1. FARC reaffirms the order it gave its members to declare a unilateral truce [tregua], while the ELN and the EPL announce their willingness to study a cease-fire [cese al fuego] declaration that has established terms, a set timeframe, and conditions.

2. The ELN and EPL jointly express their willingness to find a prompt political solution to the current situation in Colombia.

3. The ELN and EPL propose that the high-level commission of notables and the undersigned guerrilla organizations hold meetings to open a serious dialogue.

4. The ELN, EPL, and FARC reaffirm their proposal to hold a direct dialogue between the government and the guerrilla movement.

5. The EPL, ELN and FARC suggest that the groups involved in the military conflict promote a favorable atmosphere to open the possibility for a feasible political solution. The guerrilla groups believe it is urgent for the government to commit itself toward ending the dirty war, dismantling the paramilitary groups, and punishing those who are guilty.

6. The ELN, the EPL, and FARC propose the creation of a vast national movement for life and against the dirty war.

Willing To Discuss Cease-Fire

PA2703015489 Bogota Inravision Television Cadena 1 in Spanish 0107 GMT 27 Mar 89

[Report by Adriana La Rota from the mountains of Meta Department]

[Text] For the first time, the three Colombian guerrilla organizations have reached a joint decision and announced their willingness to talk with the high-level commission formed 3 weeks ago—which comprises former Presidents Misael Pastrana and Alfonso Lopez Michelsen, Colombian Cardinal Mario Revollo, and National Association of Industrialists President Fabio Echeverri.

The document—read by Jacobo Arenas, commander of the Revolutionary Armed Forces of Colombia, FARC, at his camp—proposes future direct talks between the government and the Simon Bolivar Guerrilla Coordinating Board, during which specific topics could be discussed:

[Begin recording] The dialogue must seek an agreement to humanize the war Colombia is experiencing and enforce international laws on the matter. Similarly, it is necessary to find ways to guarantee the exercise of political rights and respect for national sovereignty. The agreement must include the adoption of a policy to protect natural resources and improve Colombians' working conditions and standards of living. [end recording]

Approximately 20 days ago, FARC decreed a unilateral cease-fire. Now, the guerrilla movement's hardliners—the Army of National Liberation, ELN, and the Popular Liberation Army, EPL—are studying the possibility of doing the same in addition to participating in the immediate search for a political solution to the country's conflicts in accordance with the peace process program initiated by Colombian Conservative Senator Alvaro Leyva:

[Begin recording] If the four members of the high-level commission consider it suitable, their delegates could agree on specific and clear terms and unconditional periods so Colombians know what to expect. [end recording]

It is expected that the delegates who will hold direct talks with FARC, the ELN, and the EPL, will be appointed this week. Those talks will be the first step of this new peace process.

FARC Plans Foiled

PA2503213689 Hamburg DPA in Spanish 1631 GMT 25 Mar 89

[Text] Bogota, 25 Mar (DPA)—It has been reported officially that Colombian authorities today foiled a rebel plan that called for the occupation of several towns located in northwestern Colombia, attacks on military installations, and the kidnapping of political leaders and cattlemen in the region.

According to authorized 10th Army Brigade spokespersons, the plans of the Revolutionary Armed Forces of Colombia (FARC)—an organization that had declared a unilateral truce—were discovered after a rebel gave himself up to authorities near the El Bagre Municipality in the northwestern Antioquia Department.

The rebel said that approximately 9,000 FARC members, located throughout the 48 FARC fronts, began preparing early this year to carry out the plan that included the occupation of the Nechi and Majagual Municipalities, the kidnapping of some local politicians, and an attack against the 10th Army Brigade installations.

The FARC, the largest Colombian guerrilla organization, announced a unilateral truce a few weeks ago after four "high-ranking persons" agreed to form a verification committee to monitor the organization's true willingness to promote peace and to begin direct talks with President Barco's government.

Government authorities in January accused the FARC of illegally attempting to introduce into the country a large weapons shipment from Portugal. The weapons were to be used to strengthen all rebel fronts. The FARC General Command had claimed that this was a "setup" planned by those who are not interested in reaching a peaceful solution to the Colombian armed conflict.

Bomb Deaths; Truce 'Violated'

PA2603175389 Hamburg DPA in Spanish 1614 GMT 26 Mar 89

[Text] Bogota, 26 Mar (DPA)—Colombian authorities reported that a noncommissioned officer and three soldiers were killed today when a bomb exploded in a field apparently mined by guerrillas.

According to preliminary reports, the four Army members, together with several other troops, were carrying out an inspection near Algeciras in southwestern Huila Department, when a bomb was suddenly activated.

Army spokesmen claim that the mined field is the work of the Revolutionary Armed Forces of Colombia (FARC), which currently has a truce with the government and in the last few hours has been accused of violating the cease-fire.

It has been reported that a soldier and an alleged FARC guerrilla died in heavy fighting near Santa Rita de Ituango, Antioquia Department.

After a FARC rebel turned himself in, the Army said it had uncovered a guerrilla plot consisting of the occupation of various Colombian towns, the kidnapping of political leaders, and the murder of about 30 people thought to be Army "informers."

The FARC declared a unilateral truce with President Virgilio Barco's administration after four "high-ranking persons" accepted its proposal to form a committee to verify the group's willingness for reconciliation. According to the Defense Ministry, however, the FARC seems to have continued its armed actions in various parts of Colombia.

The executive branch is currently holding direct peace talks with the 19 April Movement (M-19) and is awaiting the opinion of the "high-ranking persons" on the FARC. Meanwhile, the Popular Liberation Army (EPL) and the Army of National Liberation (ELN) have continued to operate.

M-19 Accused of Breaking Unity

PA2703041089 Bogota Emisoras Caracol Network in Spanish 0315 GMT 27 Mar 89

[Text] Bogota—Jacobo Arenas, ideologue of the Revolutionary Armed Forces of Colombia [FARC] rebel group, said today the April 19 Movement [M-19] has left the Simon Bolivar Guerrilla Coordinating Board. He added that the M-19 experienced an internal division and signed an agreement with the government that will not last more than 6 months. Rebuking M-19 Commander Carlos Pizarro Leongomez, Jacobo Arenas said the M-19 group disregarded the guidelines on unity the armed rebels had agreed on. Now the M-19 wants to give orders to the other groups, but it is wrong, because the guerrilla groups are growing closer together, Arenas noted.

Postponement of Talks Requested

PA2603023689 Madrid EFE in Spanish 0057 GMT 26 Mar 89

[Text] Bogota, 25 Mar (EFE)—The 19 April Movement [M-19], the most important Colombian rebel organization, today requested a postponement of the roundtable talks with the Barco administration, which had been agreed upon on 17 March.

Jose Ramon, one of the M-19 delegates, said that they are requesting a "2- or 3-day" postponement. Ramos made this statement in an interview with Radio Cadena Caracol.

Ramos added that "it will be up to the government to decide" when the roundtable talks will begin.

The M-19 delegate, along with 12 other members of the rebel organization, will represent the M-19 in the talks with the government. He explained that the talks will be held to draft "an open proposal to be presented to the country."

This proposal will "center around the involvement of the Colombian people, without exception."

The M-19 representative also said that two sites proposed for the first roundtable "are currently being studied." Government and rebel representatives are also expected to discuss ways for the rebels to rejoin civilian life.

The talks had been set for 1 April in Bogota. Now Santo Domingo is being mentioned as a possible site for the meeting. Santo Domingo, located in the mountainous area of Cauca Department in southeastern Colombia, is where the M-19 rebels have settled. It is also known as "Villa Paz."

On 17 March, representatives of the Barco administration and the M-19 agreed to hold a series of roundtable talks. This decision was made following a meeting between Colombian Interior Minister Raul Orejuela and M-19 leader Carlos Pizarro.

During the meeting, the Colombian Government offered the M-19 guarantees to set up camps in Santo Domingo, a small town in the Cauca Mountains. The government promised that the Army would not interfere.

The government began direct contacts with the M-19—the most important rebel organization active in Colombia for the past 19 years—in January, after admitting that it had been the only rebel group that had displayed "a willingness to achieve a reconciliation."

Government 'Unaware' of Postponement

PA2703033689 Madrid EFE in Spanish
1909 GMT 26 Mar 89

[Text] Bogota, 26 Mar (EFE)—The Colombian Government today said it is unaware of the postponement of the "working roundtable" with the 19-April Movement (M-19), as was suggested by one of the M-19 delegates yesterday.

Government Minister Raul Orejuela replied today to the request made by Jose Ramos, M-19 delegate to the "working roundtable," and said 1 April "was the date agreed upon with Carlos Pizarro," top M-19 leader, on 17 March.

Orejuela insisted the "2- or 3-day" postponement request "has not even been presented to the government," as Ramos suggested yesterday.

The government minister stressed the "working roundtable" must begin on 1 April, as was accepted "in the program previously agreed upon with the M-19 top leaders."

M-19 delegate Jose Ramos, who along with 12 other M-19 members will represent the M-19 at the talks, said yesterday the "working roundtable" will try to present "an open proposal to the country."

The guerrilla movement representative added they are currently studying "two possible venues for the first "roundtable," in which the parties will also discuss the mechanisms for the definitive reincorporation of the groups up in arms into the country's civil life.

Minister Orejuela said today that "the venue of the talks is the least important thing," but that if they are held in Bogota, "they will not be held at the Narino Presidential Palace."

Santo Domingo, a town located in the mountains of Cauca Department, southwestern Colombia, is now mentioned as the venue of the first "working roundtable." The M-19 combatants are concentrated in Villa Paz, a farm located in Santo Domingo.

President Barco's government and the M-19 agreed to begin a round of talks called "working roundtables" or dialogue on 17 March after a meeting between Government Minister Orejuela and top M-19 Leader Carlos Pizarro.

At that 17 March meeting, the government guaranteed the M-19 they could establish their camps in Santo Domingo, a small town in the mountains of Cauca Department and that the Army would not conduct any actions there. The government began its direct talks with the M-19, the most famous Colombian guerrilla organization, last January.

Rebels, Community Leaders Meet

PA2603211989 Bogota EL TIEMPO in Spanish
22 Mar 89 p 7-A

[Quotation marks as published]

[Text] Bucaramanga—Second Army Division Major General Farouk Yanine Diaz has angrily criticized this weekend's meeting between Velez Province priests, politicians, and leaders and 19 April Movement [M-19] and Revolutionary Armed Forces of Colombia [FARC] guerrilla commanders.

Referring to the meeting, during which it was agreed to create a regional commission backed by Velez Province mayors and priests who will report on the demands of the region and its communities, the general said it was "a meeting between wolves and sheep."

During the conversations, the rebels accused the development minister of financing paramilitary groups. The meeting produced a declaration through which the guerrillas committed themselves to ending their war activities in Santander Department.

The declaration states:

"Public political declaration on the first regional meeting for a dialogue in Sabana Grande, Sucre Municipality, Santander. Ecclesiastic authorities, political forces, spokesmen for the armed opposition—the M-19 and FARC—have met in Sabana Grande Corregimiento, Sucre Municipality, under the spiritual leadership of His Excellency Msgr Leonardo Gomez Serna and Velez Province priests, and hereby declare:

1. Our decision to promote local and regional dialogues to prepare and foster a national encounter for peace.

2. The armed opposition movement's (M-19 and FARC) decision to suspend all military actions, openly and honesty join this new phase of reconciliation, and seek a similar attitude on the part of the national Armed Forces. FARC also announces its decision to obey the unilateral cease-fire decreed by its staff.

3. The political forces' decision to make every effort to promote public works, implement the national rehabilitation plan, equitably distribute public funds, and immediately give attention to local community problems, according to these political sectors' abilities.

4. The condemnation of violence regardless of its origin, rejection of the groups of assassins, and creation of conditions suitable for expanding the political openings for the purification of our democracy.

5. Creation of a regional commission proposed by Velez Province mayors and priests to jointly work on the demands of the region and its communities.

6. The signatories of this declaration convoke all the political forces, the Church, the government, and all the sectors of the nation, including the military forces, to participate in the third national meeting for peace to take place on 21 April in Velez, Santander Department, where the participants will debate on regional problems in the framework of the reconciliation process.

Signed:
Msgr Leonardo Gomez Serna, bishop of the Socorro and San Gil Diocese
Salomon Pineda, vicar of Velez

The parish priests of the municipalities of Velez, Bolivar, Jesus Maria, Barbosa, Puente Nacional, Guavata, Sabana Grande, la Belleza, Florian, and la Granja

The mayors of Velez, Bolivar, Puente Nacional, Sucre, and Aguada: Carlos Ariel Serrano, Dario Basto, Antonio Pardo, Oswaldo Ardila, and Jose Antonio Acuna Murillo, respectively

Chamber of Deputies Representatives Rafael Serrano Prada and Otto Ortiz Prieto

Departmental Assembly President Maximiliano Vergara

Deputy Norberto Ruiz Sanabria

Popular National Alliance departmental coordinator Robinson Ariza

M-19's Carlos Toledo Plata Regional Front, Zorayda Tellez Company (south Santander), and Andres Almarales units (south Cesar)

FARC's 23d and 11th fronts (Commanders Vladimir and Carlos Rojas

Their rifles are no longer shooting, but their mouths are. The guerrilla commanders of the Carlos Toledo Plata and Andres Almarales detachments filed accusations against Development Minister Carlos Arturo Marulanda and the Armed Forces.

The rebels complained about restrictions of freedom of movement through the region and said those restrictions are being imposed by clandestine organizations that control all the activities in the south Cesar region.

They claim farmers and ranchers have had to move from the area because armed elements from those organizations that operate secretly have forced them out.

They acknowledged teachers Maria del Carmen Santana and Isidro Caballero Delgado, who have been missing since 7 February, are active M-19 militants. According to them, the teachers were engaged in "activities related to the peace dialogue" when they were arrested by the Army.

The release of Santana and Caballero was set as a condition for the demobilization process of the M-19 to advance unhindered in Santander.

Gen Farouk Yanine Diaz was very upset with the meeting. He told EL TIEMPO: These are wolves meeting with sheep. In his opinion, this type of meeting must not take place. He said: "I am disappointed with what is happening."

Yanine was upset that the military did not find out in time the meeting was going to take place. What bothered him most was that the meeting was attended by congressmen, deputies, priests, and mayors. "What is going on?" he wondered.

New Group Claims Pipeline Attack

PA2603192789 Bogota Inravision Television Cadena 1 in Spanish 0100 GMT 26 Mar 89

[Report by Mario Arboleda from Yumbo]

[Text] A guerrilla group calling itself the Rising Sun [Sol Naciente], which is unknown to Valle Department intelligence services, made an anonymous telephone call claiming responsibility for blowing up the Pacific oil pipeline.

Two medium-sized bombs exploded near Yumbo, where the Colombian Petroleum Enterprise [ECOPETROL] has one of its facilities, damaging the pipeline that carries the fuel Colombia imports through the port of Buenaventura. The bombs ruptured the pipeline, causing the loss of approximately 600 barrels of crude oil. Pumping was halted for 7 hours as a result of the incident. Muncipalities in the western section of the country that receive fuel from this pipeline were the most affected by the disruption of pipeline service.

This is the second time unknown groups have blown up the pipeline at this same location. The authorities have ordered a constant patrol of the area to protect the pipeline. Local residents took advantage of the attack to collect the fuel in all types of containers. ECOPETROL sustained losses of approximately 10 million pesos as a result of the attack.

Barco on Dialogue, Debt

PA2403183389 Bogota LA PRENSA in Spanish 16 Mar 89 p 9

[Text] During a ceremony to open 352 apartments in the San Rafael neighborhood in Bogota, Colombian President Virgilio Barco spoke about acting Attorney General Alfonso Gomez Mendez, the foreign debt, the talks with the 19 April Movement [M-19], the cease-fire with the Revolutionary Armed Forces of Colombia [FARC], and the Armed Forces' role in democracy.

Barco confirmed his support for Gomez. Ignoring criticism by the Social Conservatives and a sector of the Liberal Party, Barco said he backs the attorney general because he, Barco, considered each and every one of the candidate's moral and political aspects before appointing him, and that is why he is sure Gomez is the right person for the job.

As for the foreign debt and the consequences that the U.S. Government's latest announcement—known as the Brady plan—entails for Colombia, Barco said the debt problem is still manageable because Colombia has a reputation of paying its debts. "The Brady plan will help us amortize our debt. Nonetheless, the way the U.S. Government has offered to reduce the debt will be decisive for other countries," Barco added.

Asked about the FARC cease-fire, Barco said this rebel group must provide more evidence of its willingness to comply with the unilateral truce it declared because the organization has reportedly been participating in armed actions. The president said he is confident about the positive results of the dialogue with the M-19. He said the talks will continue because this organization has shown a willingness to accept the government's peace plan. The movement is expected to comply with everything they have promised to the peace adviser.

During a brief speech to the military, Barco discussed the Armed Forces' current role. According to the president, the Armed Forces should stick to what the law stipulates. "In the struggle against violence, no excesses or curtailing of democracy can be tolerated." Concluding his speech, Barco added the following to his comments on the Armed Forces' role: "Colombia cannot lose its credibility in the legitimate use of force, both in terms of effectiveness as well as its democratic character. For this reason, the charges of excesses made by members of the military must be investigated and punished if warranted. The law so orders it, and the government has enforced the law and will continue to do so. Any crime left unpunished would be a threat to the Armed Forces. The thorough investigation of all charges is an act of justice to officers who have always backed democracy."

The president played down the consequences of the controversial Brady plan, because in Colombia's case the plan has little or no impact on the country's future. The plan deals with the reduction of the Third World's foreign debt and was presented by U.S. Treasury Secretary Nicolas Brady on Friday, 10 March.

The president noted: "Contrary to what Colombians believe, Colombia is one of the countries that has less problems because it has kept all its commitments."

"So, our debt is manageable. In other countries, however, the plan will be decisive. Naturally, if the plan becomes a reality we will use it to refinance our debt and improve our payment conditions," he stressed.

FARC Reaffirms Cease-Fire

PA2603021789 Bogota EL SIGLO in Spanish 21 Mar 89 pp 1-A, 8-A

[Text] The self-styled Revolutionary Armed Forces of Colombia (FARC) have pledged to suspend their offensive and military operations within the framework of peace negotiations held in the rural area of Sucre, south of Santander Department. The meeting was also attended by M-19 [19 April Movement] leaders; Monsignor Leonardo Gomez Serna, bishop of the San Gil y Socorro diocese; and Velez Province parish priests and mayors.

In fact, the regional dialogue for peace and coexistence was held a few hours ago in Sucre, south of Santander Department.

The dialogue included the participation of commanders of the 11th and 23d FARC fronts, leaders of the leftist M-19, and Monsignor Leonardo Gomez Serna, bishop of the San Gil y Socorro diocese. The meeting was also attended by parish priests, mayors of the Velez Province municipalities, and political leaders.

The participants at the meeting for peace and coexistence pledged to sponsor regional and national dialogues to reach agreements for the achievement of peace and coexistence.

In addition, the commanders of the 11th and 23d FARC fronts reaffirmed that their offensive operations have been suspended.

M-19 on Peace Agreements

PA2603001489 Bogota EL SIGLO in Spanish
22 Mar 89 pp 1-A, 8-A

[Article by Luis Eduardo Castillo]

[Text] Colombia's leftist 19 April Movement (M-19) announced yesterday that his group's surrender and demobilization are not national priorities at this time. The M-19 believes that the most important peace issue is reaching broad political agreements to attain national reconciliation through the elimination of paramilitary groups, criminal impunity, and hired assassins.

M-19 top leader Carlos Pizarro Leongomez made these remarks at the M-19's Santo Domingo camp in Cauca Department, adding that before considering a surrender of war materiel and the disbanding of the guerrilla group, there must be very complex agreements that will lead the country on the road to peace and spare the nation further bloodshed.

The rebel leader also said that the M-19 is neither demobilized nor unarmed, nor is it considering doing either in the immediate future because everything is contingent on the success or failure of the agreements signed with President Barco.

He explained that the M-19 is seeking a different way to solve the country's problems in its realization that war only brings bloodshed and poverty to Colombians and indefinitely prolongs a confrontation that nobody wants continued.

"We must make a strenuous effort to facilitate finding political solutions. At the threshold of the 21st century, Colombians urgently need to find ways to peacefully coexist based on commitments made in national agreements," Pizarro Leongomez insisted.

Furthermore, the rebel leader admitted that he and his rebel group have matured greatly and that just as his organization is regarding the national situation from a new perspective, other groups are revising their attitudes toward Colombian society and the rebels.

Pizarro Leongomez said that "the peace process promoted by the Belisario Betancur administration cannot be compared to that initiated by the Barco administration."

The guerrilla leader noted: "In the former peace process, the guerrillas were more belligerent, the Army was combing rebel sites, the Social Conservative Party was not involved, the Catholic Church had not assumed its proper role, and the unions sided with the government."

"Now," he said, "the government is more understanding, the Army understands the situation, and the Liberal and Social Conservative Parties are actively participating in the peace process. We can even say that we have matured a great deal."

He commented that after making such a great sacrifice, Colombian society has realized that finding peace is necessary. In this regard, he said that he will try to persuade the other guerrilla groups included within the Simon Bolivar Guerrilla Coordinating Board to accept the peace agreements and to begin a new, sensible phase that will lead toward reconciliation.

Pizarro Leongomez vehemently denied that the M-19 signed the peace agreements with the Barco administration because it has been militarily and politically defeated.

The rebel leader denied in his statements made in the Cauca mountains that his group had sought a rapproachement with the government because its ranks were dwindling or because government troops are constantly attacking the M-19.

"We have been promoting direct talks and agreements with the government since last year, because we are aware of the war's high social toll and because we are convinced that a better and more just fatherland can be created if all segments of society reach serious political agreements," Pizarro Leongomez noted.

"In this regard," the rebel leader said, "Alvaro Gomez Hurtado's kidnapping helped us a great deal because it drew us toward the sectors we had to reach. However, to say that we sought the agreements because the M-19 is defeated is untrue and inaccurate."

He added that peace in Colombia cannot be achieved without a full social consensus and discredited as unrealistic the belief that his organization's internal situation is the key factor in reaching peace.

The M-19 leader also called on the Catholic Church hierarchy and the Patriotic Union [UP] to participate in the roundtable discussion between the government and the M-19, which is observing a truce. In this way, every sector will contribute to finding a formula for national peace.

Pizarro Leongomez said that no national sector must remain outside the political dialogue because everybody's participation is required, regardless of class.

The rebel leader added that the Catholic Church must assume the role of moral guardian of the peace process and use its moral authority to guarantee the objectives and the seriousness with which the talks are held.

"We have maintained contact with the Episcopal Conference, the cardinals, the bishops, priests, and nuns. I think that more than ever before, the Catholic Church, with all its moral strength and authority, must be called upon to a play a historic role in the current situation," the guerrilla leader affirmed.

After insisting on the church's participation in negotiations to begin in April, Pizarro Leongomez asked the UP to attend this crucial meeting.

He said that an organization which has paid such a high cost in human lives and which has played such a key role in society must participate in the negotiations.

Meanwhile, top M-19 leader Carlos Pizarro Leongomez said that the unilateral truce decreed by the self-styled FARC [Revolutionary Armed Forces of Colombia] is a positive step in the peace process Barco's government is so determinedly working on, for peace is not the exclusive prerogative of President Barco or the M-19.

Pizarro Leongomez also insisted on the need to bring the Simon Bolivar Guerrilla Coordinating Board into the peace initiative.

Pizarro Leongomez said that, realistically speaking, the peace process is expected to develop under conditions of a pardon and amnesty because the situation in the country has changed and peace can now be achieved in Colombia.

Pizarro Leongomez is in the process of establishing the new rules of the game and a new political system that will allow for freedom of action and true democracy through political, economic, and social reforms.

Army Reports Rebel Casualties

PA2603010189 Bogota EL TIEMPO in Spanish 22 Mar 89 p 12-A

[Text] Over the past 4 days, the Army has inflicted harsh blows against the Army of National Liberation (ELN) and the Revolutionary Armed Forces of Colombia (FARC). Twelve guerrillas were killed, five were captured, and a large quantity of war material was seized.

Military sources reported that the clashes took place in Cauca, Boyaca, Narino, Antioquia, and Bolivar Departments. Seven ELN and five FARC rebels were killed, five FARC members were captured, and rifles, pistols, revolvers, grenades, and ammunition were seized.

On Friday, 17 March, Boyaca Infantry Battalion troops clashed with subversives from the Manuel Vasquez Castano column in San Juan de los Milagros in Bolivar Municipality, Cauca Department. The Army seized 2 revolvers, 1 ammunition clip, 2 electric primers, 115 7.65-caliber cartridges, hammocks, cassettes, and other war material.

Five hours later, the Boyaca Battalion and Vasquez Castano column clashed again. Two rebels were killed: Alberto Barajas Carrilo (alias Alberto) and Omaira Sanabria (alias Teresa). In addition, 2 grenades, 1 ammunition clip, and 168 cartridges of various calibers were seized.

On the same day, the Cabal counterinsurgency group searched the San Francisco farm in Carlosama Municipality, Narino Department, seizing two M-1 rifles, one revolver, and one pistol.

On 18 March, operations focused on Boyaca. The Sucre Battalion clashed with the FARC's 11th Front in Vejucal, Borbur Municipality, where two guerrillas were killed and one rifle, one grenade, one ammunition clip, uniforms, and campaign equipment were seized.

The Muiscas counterinsurgency group clashed with the ELN's Domingo Lain column in El Cocuy, also in Boyaca, killing another two guerrillas: Misael Rojas Gonzalez and Florentino Blanco Munoz; Baudelino Nino Carrero was captured. The Army seized 1 rifle, 2 grenades, 10 sticks of dynamite, and several electric primers. On the following day in Turbo, Antioquia Department, Francisco de Paula Velez Battalion troops stationed at the Uraba Military Garrison clashed with the 5th FARC front. Killed were Carlos Alberto Valencia Loaiza (alias Gabeto), who, according to the Army, was the front's head of finances, and Cesar Julio Garcia Munoz (alias Cesar). Jairo Cortes Sepulveda, Pedro Pablo Herrera Morales, Cesar Augusto Perez (alias Cachaco), and Angel Ciron Blandon were captured.

On Monday, 20 March, Coyara counterinsurgency battalion units clashed with ELN guerrillas, killing a female guerrilla and seizing 1 submachinegun, 1 carbine, 1 rifle, 1 shotgun, 7 ammunition clips, and 102 cartridges of various calibers.

The report concludes with a report on a clash between the FARC and the Primero de Numancia counterinsurgency battalion in El Bordo, Cauca Department, during which three subversives were killed and one revolver and 64,000 pesos were seized.

Army Attacks ELN Camp

PA2403212089 Madrid EFE in Spanish 1832 GMT 24 Mar 89

[Text] Bogota, 24 Mar (EFE)—It has been announced officially that an Army of National Liberation (ELN) guerrilla front chief and other ELN rebels were killed in Colombia today when Army troops dismantled their

camp located in northwestern Colombia. Tenth Brigade spokesmen said that the ELN camp was located in a rural area known as Cargueros, in Nechi Jurisdiction, Antioquia Department.

The official sources reported that the Army took the guerrillas by surprise. The sources added that an unspecified number of rebels and an alleged ELN leader known as "Victor" were killed during the quick confrontation. The 10th Brigade also reported that another two unidentified rebels were arrested during the operation.

The ELN is one of six guerrilla groups in Colombia and is led by Aragones Manuel Perez, a former priest. Approximately 100 people, including rebels, military personnel, and policemen, have died as a result of clashes in Colombia thus far this year; the average figures for 1988 were four times as high. Last year there was an average of two clashes every 3 days, which totaled 1,622 deaths that year.

The decrease in casualties seems to be a direct consequence of the peace agreement signed between President Barco's liberal government and the 19 April Movement (M-19) as well as the unilateral truce decreed by the communist Revolutionary Armed Forces of Colombia (FARC).

Minister Says No Extradition of Cartel Leaders

PA2403130789 Bogota Emisoras Caracol Network in Spanish 1216 GMT 24 Mar 89

[Text] Miami—Colombian Justice Minister Guillermo Plazas Alcid has said that Colombia is a victim of drug trafficking and that it is not responsible for it. He said drug trafficking is neither the only nor the most serious problem Colombia is currently facing.

While commenting on accusations against members of the so-called Medellin Cartel linked to the Carlos Leder trial, Plazas added that Colombia has much more serious problems to face and much more to do than to persecute the alleged members of the Medellin Cartel. Plazas added that drug trafficking is one of our many problems, which include terrorism and subversion.

Plazas Alcid stated that Colombia is doing all it can to fight drug trafficking, although he warned that the extradition of Medellin Cartel leaders to the United States is not an option. There is no nation in the world—regardless of how wealthy, powerful, and educated it is—that can face and defeat drug trafficking on its own, Plazas said at a meeting of the U.S.-Colombian Chamber of Commerce.

Plazas Alcid stressed that drug trafficking is a world threat and that it should be fought as such.

Finance Minister Comments on Brady Plan

PA2403165589 Bogota LA PRENSA in Spanish 16 Mar 89 p 27

[Text] Finance and Public Credit Minister Luis Fernando Alarcon Mantilla says it is premature to discuss how much our foreign debt will decrease if the Brady plan is implemented, because the U.S. Treasury secretary's plan has not been fully outlined yet.

Alarcon stated this to explain the government's position on the U.S. proposal. According to Alarcon, the most important thing for us is that the plan includes methods to make managing the foreign debt more flexible and it creates new opportunities for negotiations with commercial banks to find solutions to the debt problem with the active participation of multilateral organizations such as the IDB [Inter-American Development Bank] and the World Bank.

In addition, Alarcon said, it would help Colombia—after completing the arrangements for a $1.75-billion loan—to continue to work with its creditors to make it easier to comply with the new foreign obligations and to obtain additional loans to continue financing our development in line with the government's strategy for managing the foreign debt.

In Alarcon's opinion, the Brady plan includes many of the proposals made by the Group of Eight during its recent meeting in Rio de Janeiro. Alarcon, National Planning Chief Maria Mercedes Cuellar, and Central Bank President Francisco Ortega leave for Amsterdam today to attend the meeting of IDB governors.

Soviet Trade Official To Visit 'Next Week'

PA2403122389 Paris AFP in Spanish 0249 GMT 24 Mar 89

[Text] Bogota, 23 Mar (AFP)—It was officially announced today that Veniamin Stepanovich Korolev, Soviet deputy Minister of Foreign Economic Relations, and Arturo Sarabia, Colombian director of the state-run Foreign Trade Institute, will meet next week to consider ways to enhance trade relations between Colombia and the USSR.

In addition to the talks that will be held 27-31 March, the Soviet deputy minister will meet with President Virgilio Barco, Foreign Minister Julio Londono, Minister of Economic Development Carlos Marulanda, and Public Works Minister Priscila Ceballos.

These discussions on Colombian-Soviet trade, in which Colombia is currently running a deficit, will take part within the framework of the fifth session of the Colombian-Soviet Intergovernmental Commission.

The possiiblity of Soviet economic, scientific, and technical cooperation with Colombia in the fields of mining, oil production, railroad transportation, and fisheries will be discussed.

Colombia, on the other hand, will try to secure Soviet markets for its coffee, banana, meat, and sugar exports, as well as promote new products such as cocoa, fruits, textiles, and leather goods.

Ecuador

President Meets With Armed Forces High Command

PA2403230689 Guayaquil EL UNIVERSO in Spanish 15 Mar 89 p 1

[Text] Quito—Ecuadoran President Rodrigo Borja reportedly met with the Armed Forces High Command "to discuss military strategy and matters relating to organizational and operational aspects of the military.

The Armed Forces High Command usually meets with President Borja every Monday to discuss military matters. This week's meeting lasted over 3 hours.

The Armed Forces High Command includes the defense minister, the chief of the Armed Forces Joint Command, the commanding generals of the three Armed Forces branches, the National Security Council secretary, and the head of the Joint Chiefs of Staff.

Regarding the alleged failure of his government's economic program and the alleged pressures the IMF is exerting to force the government into making certain economic decisions, President Borja said that the government's general policy is one of absolute sovereignty and that his administration will not tolerate foreign meddling. It is completely ridiculous to say that we are taking measures imposed or suggested by the IMF. When have we heard of the IMF advising a country to seize foreign exchange or the state to administer and set foreign exchange prices? The IMF favors economic freedom. The IMF delegation presently visiting Ecuador is gathering information on our annual government reports through direct observation as it does in other countries throughout the world. That observation is part of the IMF's routine activities.

Borja said that his social democratic government's economic program was not the product of consultation with any foreign organization and that it was not formulated in response to the IMF but in response to the situation in the country and that it has the country's best interests in mind. Borja added that the program is getting results but that we have to wait a little longer to see all its benefits.

President Borja admitted that the situation in the coastal area is desperate and troublesome because of the disasters caused by the harsh winter season. He stressed that the government is taking more appropriate and timely measures to help those affected and to solve the problems.

President Borja invited Colonel Luis Emilio Suarez to the Presidential Palace to discuss the immediate implementation of specific measures to help the residents of Babahoyo, who are victims of floodings in various parts of the city.

President Borja said: "Although water helps the fields and plantations and improves this year's agricultural yield, it also causes damage to certain areas, which is sad and unfortunate."

Defense Minister Denies Resignation 'Rumor'

PA2603141189 Quito Voz de los Andes in Spanish 1230 GMT 26 Mar 89

[Text] National Defense Minister Retired General Jorge Felix Mena has denied the rumor that he plans to resign, a rumor that has been going around for the past few days.

Some people have seen me resigning for the past 3 weeks, but that idea has never gone through my mind since there is no reason for me to do so, the defense minister said. He noted that he enjoys the trust of President Rodrigo Borja.

Minister Mena said he is fulfilling his constitutional duties and that the rumors—which are just that—cause unrest in the Armed Forces.

ID-DP Alliance Creating Dissension in Parties

PA2503011589 Quito EL COMERCIO in Spanish 15 Mar 89 p A-1

[Text] In light of the upcoming change of directorates within the Ecuadoran Democratic Left [ID] and the Popular Democracy [DP], the suitability of the ID-DP alliance again was subject to close scrutiny.

As far as we can tell, that alliance will be the focus of the campaigns of the two parties, which form part of a government coalition. The ID-DP alliance in fact has been the cause of more than one disagreement between ID and DP members, and some have criticized this alliance.

While ID leader Efren Cocios and DP leader Rene Vargas alluded to internal party pressure to end the alliance, Ecuadoran President Rodrigo Borja recently said that the alliance is a necessity for the government, because it assures the congressional majority needed by the Executive Branch to approve laws to help solve national problems.

We must point out that the two parties will soon reorganize their directorates at the local and national levels. The DP will hold its congress in Cuenca in mid May, when it will appoint its new national directorate; while the ID postponed its congress until the end of May, when it will elect its new national leaders.

President Borja discussed the ID rank-and-file meeting held last weekend. Borja said that the ID rank and file have a set idea about the alliance with the DP, adding that one must take into account the fact that the government needs a congressional majority to approve laws sent by the Executive Branch to Congress.

While admitting that a certain ID sector is not happy with the alliance, ID National Directorate leader Efren Cocios said that alliances are not permanent and exist only for as long as the reasons that led to the creation of the alliances exist. He called on his party not to play along with the Right.

Similarly, DP President Rene Vargas admitted that there is a sector within the DP that advocates terminating the alliance, but he said that its existence must be determined by the ruling party.

Guayaquil Governor Vows To Maintain Order

PA2503010589 Paris AFP in Spanish 2337 GMT 24 Mar 89

[Text] Guayaquil, Ecuador, 24 Mar (AFP)—Rafael Guerrero Valenzuela, governor of this province, announced today that the national government is unwilling to tolerate the constant incitements to public disorder and violence and announced that "it will take whatever measures are necessary to maintain order."

Guerrero thus responded to the calls for a strike by certain sectors of this city's government, which is controlled by the populist Ecuadoran Roldosist Party of former presidential candidate Abdala Bucaram, who is living in exile in Panama.

After providing a full account of the economic assistance provided by the government to this city, Guerrero noted that the government will not tolerate opposition groups inciting new public disorder or violence.

The city government representative said that opposition opinions have been used constructively but noted that the government's openness should not be viewed as a sign of weakness.

"We do not want this to be taken as a threat, and we do not want to be forced to resort to violene," Guerrero said. He added that "any incident that disrupts public order will be repressed, first through dialogue in an attempt to reach an understanding. However, if we do not succeed, then we will maintain order by taking whatever measures are required."

Elsa Bucaram, the mayor of this city and sister of Abdala Bucaram, has called for a strike to take place soon.

1988 Oil Exports Increase, Prices Rise

PA2503000889 Buenos Aires REUTER in Spanish 0009 GMT 23 Mar 89

[Text] Quito, 22 Mar (REUTER)—According to official data, Ecuadoran oil exports increased 22 percent in 1988, although lower oil prices resulted in a 5-percent reduction in oil revenues.

A revenue decline in 1988 of $37.4 million from oil and oil by-product sales was reported compared to 1987 figures.

An Ecuadoran Energy Ministry document, to which REUTER was granted access, indicates that Ecuador exported 55.3 million barrels of oil in 1988 for which it received a little over $702 million.

Official figures released by the Ecuadoran Central Bank indicate that in 1987, when an earthquake halted Ecuadoran oil sales for almost 6 months, Ecuador exported 45.5 million barrels of oil, for which it received $739.4 million in revenues.

According to the same source, Ecuadoran oil in 1988 was sold on the international market at an average price of $12.68 per barrel compared to $16.36 per barrel in 1987.

An Energy Ministry spokesman said: "The drop in world oil prices, which started in 1986, resulted in big losses for the country, but this situation now seems to be reversing itself."

The same source added that local 29 (American Petroleum Institute) grade oil, for which the official OPEC price is $17.02 per barrel, sold for $16.69 a barrel yesterday compared to $16.49 on Monday. The Energy Ministry spokesman pointed out that the average price was $14.81 in January, $15.09 in February, and $15.67 a barrel thus far in March.

Ecuadoran exports of oil and oil by-products represent approximately half of all Ecuadoran exports and represent 50 percent of government revenues.

The Ecuadoran Central Bank reported that in January Ecuador exported over 6 million barrels of oil, for which it received $88.3 million in revenues compared to the 5.2 million barrels of oil exported in January 1988 for $74.9 million.

The official report said that in 1988 the Ecuadoran State Petroleum Corporation (CEPE) exported 46.6 barrels of oil while the Texaco Petroleum Company exported 8.2 million barrels, and the City Ecuatoriana Production Co. exported 470,000 barrels.

The U.S. Texaco Petroleum Co. and City Ecuatoriana Production Co. are carrying out oil exploration and production in association with the CEPE.

Paraguay

Rodriguez Meets PSOE Visitor, Seeks Support

LD2203150689 Madrid Domestic Service in Spanish 1300 GMT 22 Mar 89

[Text] Next weekend the Authentic Radical Liberal Party of Paraguay, the main opposition group in this South American country, will decide whether or not to take part in the forthcoming elections called by General Rodriguez. The participation of this party, which is led by Domingo Laino, would lend legitimacy to the regime which arose from the overthrow of General Stroessner. General Rodriguez is seeking all manner of support in the run-up to the elections, as is suggested by the meeting which he had in Asuncion with PSOE [Spanish Socialist Workers Party] Secretary for International Relations Elena Flores. A report on this from Hector Arena at Madrid's Barajas airport:

[Arenas] The new strong man in Paraguay, General Andres Rodriguez, has asked the Spanish Government and the Socialist International for support and solidarity in order to carry out the democratic transition in his country. The message was conveyed by Elena Flores, a senator and the person responsible for international relations in the PSOE, during a visit to Asuncion [sentence as heard]. On her arrival in Madrid her impressions were as follows:

[Begin Flores recording] Regarding the intentions or wishes being expressed by the representatives of the government—I have had meetings with both the president and the minister of foreign affairs—this is a process which is now beginning and which does not have 1 May as its point of destination—rather this is the starting point of a process which will then culminate in the next elections in 1993. So, they are not concealing the fact that there are still difficulties. Moreover, one can see from the internal elections which have taken place in the Colorado Party that there are many divisions and that the Stroessner faction is not completely under control or it is feared that it is not completely under control. [end recording]

Peru

Shining Path Clinic Dismantled; Members Detained

PY2403025589 Lima Television Peruana in Spanish 0100 GMT 24 Mar 89

[Excerpts] Antiterrorist Directorate [DIRCOTE] agents have dismantled a clandestine clinic in a Grau Avenue building and detained three members of a Shining Path terrorist cell. They also assisted injured terrorists. During the raid, the DIRCOTE personnel seized a large amount of medicine, subversive propaganda, and communist documents.

The three subversives have been identified as Jacinto Guaraji, alias Roy, unemployed, address unknown; Carlos Hermes Ramirez Morales, alias Walter, 28, textile sector worker and secretary of the Union Textile Plant labor union; and Miriam Rosa Juarez Crusat, 24, alias Nati, who graduated as a nurse from the Anglo-Americana Clinic in February 1987. [passage omitted]

Juarez lived at 383 Grau Avenue, apartment 905, where she ran a clandestine clinic and assisted Shining Path members who were injured in terrorist activities in Lima and other parts of the country. [passage omitted]

The clinic was found when police followed an injured terrorist up to the place. [passage omitted]

The injured man was identified as Nicanor Ramos Salvatierra Rafael Gilbert Montero, alias Tomas, 24. [series of names as heard] [passage omitted]

The injured man is currently resting in a hospital.

Shining Path Murders 5 Civil Servants

PY2603215889 Madrid EFE in Spanish 1752 GMT 26 Mar 89

[Text] Cerro de Pasco (Peru), 26 Mar (EFE)—The Cerro de Pasco police department today reported that five Ninacaca civil servants, including a ruling APRA party regional leader, have been murdered by guerrillas of the Maoist group Shining Path.

The incident occurred during the night on 24 March. Local authorities, however, were not able to contact the police until this morning due to communications problems.

Witnesses said that on Friday some 20 guerrillas entered Ninacaca, 40 km from Cerro de Pasco, and detained the town's civilian authorities, whom they accused of not cooperating with the Shining Path "armed struggle."

According to the witnesses, the guerrillas showed no mercy with the city mayor, APRA leader Gerardo Urricachi Torres, who was cruelly tortured and then shot five times.

The other victims were the president of the community and three members of the community cooperative, an organ that decides on economic plans and projects in Ninacaca.

Shining Path, the main Peruvian subversive group, began its terrorist activities on 17 May 1980, the same day the first presidential elections after 12 years of military governments were being held in Peru.

The guerrilla violence has caused 14,000 deaths and some $12 billion in damages, according to official statistics.

Subversives Kill 4 People in Yauricocha
PY2503023189 Madrid EFE in Spanish 0108 GMT 25 Mar 89

[Text] Lima, 24 Mar (EFE)—It was reported in Lima today that about 100 subversives, presumably of the Shining Path, yesterday attacked the mining community of Yauricocha and killed at least four people.

The dead, policemen Honorato Cordoba and Julian Escobar and two civilians, were guards in the mining center.

Yauricocha is 4,500 meters above sea level in Yauyos Province, Lima Department.

The subversives took with them a driver from the mine, and his whereabouts is not known.

The subversives also bombed several mining installations and the police post, causing great damage. They also took medicine from the Yauricocha hospital.

Lima Mayor Signs Accord To Import PRC Buses
PY2603024089 Lima Television Peruana in Spanish 0100 GMT 26 Mar 89

[Excerpt] Lima Mayor Jorge del Castillo and PRC Ambassador Zhu Xiangzhong today signed an important agreement for the purchase of 500 PRC-made buses for the Lima Transportation Service.

The ceremony, held at the Blue Room of the Metropolitan Council, was attended by high-ranking transportation officials. The value of the 500 buses is estimated at more than $36 million. Each bus can carry more than 200 passengers, and they will therefore help solve Lima's transportation problems.

The buses will be paid for in Peruvian fish, to be processed by Pesca Peru, and the payment will be made over a 3-year period.

Mayor del Castillo said that more than 1 million passengers will use these buses every day. [passage omitted]

Interior Ministry on Use of Herbicide
PY2403172389 Madrid EFE in Spanish 0159 GMT 24 Mar 89

[Text] Lima, 23 Mar (EFE)—The Interior Ministry tonight issued a communique reporting that the Peruvian Government has admitted that the controversial U.S. weed-killer "Spike" [preceding word in English] has been subjected to "experimental trials" in jungle areas, but that the government has not given final approval for its use "because neither its effectiveness nor its toxic effects have been proved."

"At the initiative of the Peruvian Government, and under its control, the application of Spike was authorized on a coca plantation which had been used by drug traffickers, and which was chosen because of its isolation from crops and inhabited areas," the communique says.

The Peruvian Government denied U.S. press reports published in Lima that U.S. and Peruvian specialists have sprayed Spike on coca plantations in Peru's Alto Huallaga Valley.

A U.S. State Department spokesman reportedly disclosed the use of Spike to THE WASHINGTON POST on 21 March.

The Interior Ministry said that representatives from the Ministries of Agriculture, Education, Interior, Industry, Foreign Relations, and Health, as well as the National Agrarian University and Peruvian ecological organizations, "had been informed and participated in the study" of the experimental application of Spike.

The official report added that "the results of the trial authorized under the conditions of isolation described will be subject to an evaluation that will last at least 24 months, and for this reason the herbicide has not and will not be extensively used."

Ecological groups in the United States have protested the use of herbicides, but the Washington government contends their use is fundamental to the eradication of coca plantations in Peru. The Peruvian authorities have not denied this.

The Alto Huallaga, in Peru's eastern region, is considered the area highest in the production of coca leaves, the raw material for cocaine base.

Peru is known as the world's largest coca leaf and cocaine base producing country.

According to private statistics, drug traffickers annually trade at least $1.5 billion worth of those products. This figure is comparable to the earnings from copper exports, which represent 50 percent of Peru's foreign trade income.

Venezuela

Perez Denies 'Distorted' Reports on Raid Abuses
PA2303230989 Caracas EL NACIONAL in Spanish 16 Mar 89 p D-6

["Complete text" of 15 March letter sent by President Carlos Andres Perez to Amnesty International Secretary General Ian Martin]

[Text] Dear Sir: I am answering your 10 March telegram concerning the events that took place in Venezuela that claimed a tragic number of lives and caused injuries and vast property damage. The information gathered by your

sources is derived from distorted reports that are generally issued under circumstances similar to those that prevailed at that time in our country, particularly in the capital. Opposition political groups, taking advantage of the freedom of the press and expression, issued farfetched and false reports, to which your telegram refers.

However, it is evident that in situations such as the ones that were observed, it is physically impossible in this or in any other country to avoid or to prevent abuses from taking place. The interior, defense, and justice ministers have gone to the National Congress; they have explained and shown evidence of the conduct observed by authorities; and they have proven the falsehood of reports stating that authorities had mistreated or placed citizens in solitary confinement in prisons.

It is also false that people were killed or injured during raids on houses or other buildings, except for the machinegunning and killing of an Army major during a raid on a house full of snipers. The cases mentioned in your message are absolutely false, and we are sorry they were believed. The existence of missing people is also false. A commission comprising a representative from the rectorate of the Central University of Venezuela, a representative from the Interior Ministry, and a representative from the Presidency—a commission created through my own initiative—will present reports on the status of detainees, cases of abuse, and other matters.

Constitutional guarantees were only partially restored with the approval of over two-thirds of National Congress members, which is evidence that in view of the situation created by the economic measures, which the government was forced to implement, and in view of the activities conducted by violent clandestine organizations, the people and a large majority of Congress members decided that it was appropriate to suspend constitutional guarantees for as long as the danger of serious public disorder existed.

Just as I told you in person during our meeting when I was president-elect, I am willing to provide your institutions with all the facilities you need to conduct your investigations, and I am willing to provide you with information that the government has available.

Sincerely yours, friend, [as published]

Perez Orders Charges Against Suspects Dismissed

PA2403214389 Buenos Aires REUTER in Spanish 1837 GMT 24 Mar 89

[Text] Caracas, 24 Mar (REUTER)— President Carlos Andres Perez today ordered that charges filed by a military tribunal be dismissed against 10 individuals suspected of inciting disturbances last month that resulted in about 300 deaths.

A presidential decree issued today ordered the dismissal of charges and the release of the suspects from the San Carlos Military Prison in Caracas, where nine of them have been detained since 16 March.

A 10th suspect, Carlos Rafael Lanz Rodriguez, was not detained and his relatives have said that he is in hiding.

The detainees, mostly students, were arrested when Perez decreed the suspension of constitutional rights when the rioting was at its peak on 28 February, and he deployed troops to the streets to quell the revolt and decreed a state of emergency.

Constitutional guarantees were fully restored on Wednesday.

The suspects were interrogated at the General Directorate of Military Intelligence (DIM), jailed, and accused of military rebellion, a charge used here to try suspected guerrillas.

Other students, who were released after interrogation by the DIM, said during a 17 March news conference that they had been beaten, subjected to electric-shock torture, and forced to sign confessions.

DIM Director Vice Admiral German Rodriguez Citraro and Defense Minister General Italo del Valle Alliegro denied the torture charges.

Finance Minister Comments on Foreign Debt

PA2503045189 Caracas EL NACIONAL in Spanish 19 Mar 89 p D-1

["Exclusive" interview with Finance Minister Eglee Iturbe de Blanco by EL NACIONAL correspondent Agustin Beroes in Caracas; date not given]

[Excerpts] [Passage omitted] [Beroes] What is the current state of the talks with the banks?

[Blanco] We are discussing two types of sources: multinational organizations and the private banking sector. Regarding the multinational organizations, Venezuela very seldom or perhaps never requested international aid from them because the country was commercially self-sufficient. We are now taking advantage of a right, the right to request aid from multinational organizations. We have already initiated—as the entire country knows—negotiations with the IMF. We are now beginning talks with the World Bank regarding certain specific projects. As for the Inter-American Development Bank [IDB], although it had already approved a considerable number of credits, Venezuela has not received those credits for a variety of reasons.

Therefore, it is already a fact that Venezuela will receive financial support from multinational organizations this year and that it is trying to obtain sustained and permanent financing.

[Beroes] What about the private banks?

[Blanco] The private international commercial banks and the creditors are evidently very reluctant to grant new loans, not only to Venezuela but to any Latin American country. This is due to our countries' level of indebtedness with the banks and the status of the new negotiations.

[Beroes] What is Venezuela proposing?

[Blanco] We are currently demanding that the banks help us close the gap in this year's payments balance and negotiate with us to globally reprogram Venezuela's foreign debt. Venezuela's main national objective is not merely to extend deadlines and defer payments, because that would not resolve the debt problem; we want to achieve a substantial discount and to significantly reduce the foreign debt. The debt, as it now stands, is unpayable, which is nothing new.

Last week statements were made regarding the Brady plan that approximated Venezuela's position regarding the credit banks.

It has now been politically acknowledged, however, that the Brady plan is viable and that it is Latin America's only hope. We must now establish a specific strategy to achieve our goals within the framework of our own negotiations.

[Beroes] What is your viewpoint on the banks?

[Blanco] The banks are currently immobilized and have been more so since Brady's announcements last week. Now, in addition to Venezuela pressing for a renegotiation, the banks must establish political guidelines, an opening, and a program, the implementation of which has not yet been defined. There is a standby [preceding word in English] situation regarding how the United States will go about implementing these initiatives and how the banks will interpret them.

[Beroes] Are the banks asking for loan guarantees?

[Blanco] Venezuela is asking the creditor banks for a short-term loan to cover the payments balance deficit, which is in the area of $600 million, within a larger loan of $2 billion, which we believe the banks can contribute this year. The banks have made specific offers supported by oil and gold guarantees, which we have categorically refused because we do not believe that Venezuela should offer specific guarantees to finance credits and stop-gap loans. I believe that Venezuela should negotiate thoroughly for its foreign debt's full reprogramming.

[Beroes] What if the banks do not make a contribution?

[Blanco] If the banks do not make a contribution during this phase, I would have to say that they are not making it easier for Venezuela to achieve a short-term recovery of its payment capabilities. There has been a misunderstanding between Venezuela and the banks, for which I hope a good solution will be found. The banks must understand that the efforts Venezuela is making to improve the country's payment capability should be supported, not only by multinational financial organizations, but by the country's leading creditors.

[Beroes] What about interest payments on the debt?

[Blanco] Venezuela is paying the interest on its foreign debt in accordance with the availability of foreign exchange. This means that our payments are slower in coming than before. If we formerly paid our interest on the expiration dates, current payments now depend on our cash flow. We are paying an average of $200 million a month toward the restructured debt, but with delays.

[Beroes] Has Venezuela made any fundamental proposal at the IDB assembly under way in The Netherlands?

[Blanco] The assembly is an important forum for two purposes: One is the restoration of IDB capital, which creates new credit potential for Latin America within the organization. The Venezuelan delegation's position will be aimed at reinforcing the IDB's actions and strengthening its lending capability. The other purpose is the bilateral meetings the coordination and planning minister and the director of the Venezuelan Investment Fund will hold with different banks and multinational agencies to discuss the renegotiation of Venezuela's foreign debt. [passage omitted]

[Beroes] Is the government's solution realistic?

[Blanco] My basic perception is that the government is making efforts to promptly overcome the crisis. I have held lengthy meetings with the most affected sectors, the small- and medium-size businesses, and I am very surprised by their eagerness to solve the problem. The larger firms have not offered any constructive solutions as yet. An effort must be made to solve this very real problem, and the government has proposed an objective, reasonable solution in keeping with the country's economic limitations and the availability of funds.

Central Bank Issues Foreign Exchange Report

PA2403045789 Caracas EL UNIVERSAL in Spanish 18 Mar 89 p 1-1

[Text] The Central Bank of Venezuela has reported that it only placed $3 million of the $46 million sold in the foreign exchange market at the "single floating exchange rate."

Central Bank spokesmen estimate that the rest of the amount came from abroad, which proves that the new foreign excxhange rate is an incentive for an eventual return of capital.

Importers are now expected to begin operations to purchase raw materials, thus stopping a major drop in the dollar on the open market.

The sources added that the Central Bank of Venezuela has prepared regulations, which are currently being analyzed by the Council of Ministers and which will allow Venezuelans who have their capital abroad to purchase the foreign debt at 40 percent of its real value. This will encourage the return of foreign resources to the country.

Agriculture Minister on New Interest Rates

PA2403203689 Caracas Venezolana de Television Canal 8 in Spanish 0000 GMT 23 Mar 89

[Summary] Agriculture and Livestock Minister Fanny Bello has announced at Miraflores Palace that a group of banks will offer loans with 19-percent interest to farmers. The new rate will make loans for a variety of crops and machinery more accessible and farmers will support banks that are willing to help them.

Guyana

Border Dispute Issue With Suriname Revived

FL2303153189 Bridgetown CANA in English 1511 GMT 23 Mar 89

[Text] Georgetown, Guyana, March 23, CANA—Guyana and Suriname have agreed to revive as a matter of priority efforts to resolve their near century-old territorial dispute, it was officially announced here.

Agreement was reached during talks between President Desmond Hoyte and his Surinamese counterpart Ramsewak Shankar, who ended a 30-hour state visit here Tuesday.

"Both presidents presented their position in the border issue and agreed that discussions on this issue should be pursued by the relevant commission as a matter of priority," declared a joint communique signed by both leaders. The "border issue" between the two countries dates back to 1899, the year in which the first official "protest" from the Dutch colonial authorities were made to the British colonial authorities (Suriname is a former Dutch colony and Guyana a former British possession).

At the heart of the dispute has been the question of sovereignty over the Corentyne River, which separates the two countries and serves as a natural boundary and the question of the source of the Corentyne River. Guyana contends the Cutari River is the source and Suriname argues that the New River is the source and that all lands lying between the New River and the Cutari River (the New River Triangle is its territory. Shortly before the second World War a draft boundary treaty was agreed on but the war broke out and that never materialised.

Since Guyana became independent in 1966 it has continued to exercise sovereignty over the entire New River Triangle and in 1967 it took police action to remove a survey party from the area. The Guyana Defence Force also took action and removed a number of uniformed Surinamese from a camp on the New River Triangle.

In the late 1970's concerted attempts were made to reach agreement with the then prime ministers, Forbes Burnham of Guyana and Henck Aaron of Suriname meeting in Barbados and discussing the issue.

In recent years, however, the issue has been on the back burner.

Antidrug Agreement Signed With Suriname

FL2403190289 Bridgetown CANA in English 1852 GMT 24 Mar 89

[Text] Georgetown, Guyana, March 24, CANA—Guyana and Suriname have decided to establish a joint council as a "mechanism for concluding arrangements for bilateral cooperation" in a number of key areas, a communique issued following a visit here by President Ramsewak Shankar said.

According to the communique, the two sides signed an agreement on the prevention, control and suppression of the illicit production, traffic in, and consumption of narcotics and psychotropic substances.

It identified trade, economic cooperation, science and technology, transportation, communications, fisheries, energy and energy development, health, agriculture, culture and sports as some of the key areas for bilateral cooperation under the purview of the council.

The foreign ministers of the two countries have been assigned "responsibility for arranging for the implementing of the various programmes of cooperation under the council." And, according to President Shankar, in keeping with the decision, small working groups will be set up in several areas of bilateral cooperation.

Shankar, commenting on his visit at a press conference before leaving Guyana on Tuesday, told reporters he came to Guyana "as a neighbour" and was "leaving as a friend."

The two countries have agreed to:

—Expedite the Guyana/Suriname car ferry project across the Corentyne River;
—Work towards the elimination of illegal trading across their common border;
—Speed up procedures to make a trade agreement between them effective;
—Cooperate on the problem of illegal immigrants;
—Intensify their cooperation at regional and sub-regional levels in order to help eliminate the scourge of abuse of and trafficking in narcotics, drugs, and psychotropic substances; and

—Explore new mechanisms for the expansion of functional cooperation including looking into "coordinated programmes with another state or with other states in the region, particularly in relation to joint ventures" in order to contribute to a further strengthening of intra-regional relations.

Hoyte To Help Suriname Cooperation With Caricom

FL2503144089 Bridgetown CANA in English
2101 GMT 24 Mar 89

[Text] Georgetown, Guyana, March 24, CANA—The Guyana Government says it is ready to support Suriname "in every way possible" to expand its cooperation with the Caribbean Community (Caricom).

President Desmond Hoyte gave this indication at a dinner he hosted recently for Surinamese President Ramsewak Shankar. And in a joint communique signed and issued by the two Presidents at the end of Shankar's 30-hour official visit here, they agreed to continue their efforts to identify ways in which Suriname's links with Caricom could be further developed.

Hoyte said he was aware of Suriname's special interest in the (Caribbean) Community "which he said "also has a keen interest in a stronger relationship with Suriname."

"We, in Caricom, note with pleasure Suriname's participation in several of the standing committees for functional cooperation. We look forward to the extension and strengthening of existing links," Hoyte said.

Hoyte said the evolution of Caricom had been a remarkable example of the trend towards (regional) cooperation and integration. Caricom, he stressed, was more than a union for promoting trade, economic development and functional cooperation. "It represents our deep-seated yearning to foster a culture that would confirm the special character of our Caribbean identity and our Caribbean personality," he said.

Cuban Military Attache Receives Honorary Medal

FL2503164789 Bridgetown CANA in English
1502 GMT 25 Mar 89

[Text] Georgetown, Guyana, March 25, CANA—Cuba's military attache to Guyana, Lieutenant Colonel Hector Hernandez Miranda, has been awarded an honorary Military Services Medal (MSM), the Guyana Public Communications Agency (GPCA) announced.

The agency said the award was presented to Miranda for the exceptionally high quality of his contribution to the development of good relations between the Armed Forces of Cuba and Guyana.

Miranda, who recently ended a two-and-a-half-year stint here, received the medal at a farewell luncheon held in his honour at the officers mess of the Guyana Defence Force (GDF) at Camp Ayangana, the GDF headquarters.

He became only the second recipient of this honorary award, the first having been the Venezuelan Military Attache Col. Rafael Belmonte, who received the medal last year.

Company Reports Major Profits for 1988

FL2303175089 Bridgetown CANA in English
1715 GMT 23 Mar 89

[Text] Georgetown, Guyana, March 23, CANA—The Guyana conglomerate, Banks DIH, [no further expansion given] reported a 50 percent rise in total net profits during its last financial year, which ended September 1988.

According to the annual report, the company's 1988 net profit was G37.2 million dollars (1 Guy dol ; 10 cents U.S.) compared with 24.8 dollars recorded in the previous year.

Banks DIH and its subsidiary Caribanks embrace rum, beer, shandy and soft drink manufacturing, liquor stores, a hotel, biscuit and snack food manufacturing and shipping. The conbined assets now total more than G265 million dollars.

The directors, at their annual meeting here Saturday, reported that in 1988 Banks DIH recorded:

Net profit on trading of 36.8 million dollars representing a 50 percent increase on the 24.6 million dollars recorded in 1987.

Sales net of excise and consumption taxes of 297.8 million dollars a 49 percent increase over the 1987 figure of 199.2 million dollars:

The production of 4.8 million cases by its bottling plant, an 18 percent increase over 1987's production of just over four million cases:

A 44 percent rise in sales and a 41 percent increase in profits by its retail outlets and restaurants.

The shareholders meeting approved the director's recommendation that a total dividend of 25 percent be paid for 1988. The cash cost of the dividend will be some 11.8 million dollars, as against 9.4 million dollars paid in 1987 when the dividend was fixed at 30 percent.

The outgoing Banks DIH chairman, Peter Daguiar, addressing the shareholders meeting, repeated his 1988 call for Guyana's authorities to pursue "sound money policies." He said he looked to the (Central) Bank of Guyana renewing its links with other central banks in the region and to Guyana's participation in a "free market union." He also called for the promotion of hard currency investment in the country, as well as for the general promotion of the private sector.

A number of state-run entities—including those in the utilities group—he contended, constitute an unnecessary financial drain on the government treasury and would be able to make a much better contribution to the national economy should they be placed in the hands of multinational corporations.